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ABSTRACT

The second volume of a two-volume report on state and local administration of Chapter 1 of the Education Consolidation and Improvement Act, this document summarizes the federal policy issues behind the data reported in Volume 1. These summaries are based on the federal framework, previous research, and study findings. The issue summaries comprise four major categories: (1) funds allocation policies (comparability, targeting student and school eligibility and selection, the supplement-not-supplant requirement, and maintenance of effort); (2) program design policies (evaluation, parent involvement, size, scope and quality, and needs assessment); (3) state administrative practices (monitoring, auditing, technical assistance, application approval, and rule making); and (4) special topics (nonpublic schools, and carryover funds). In addition, the report presents a methodological note on sample selection and data collection and analysis. (KH)

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STATE AND LOCAL ADMINISTRATION OF THE CHAPTER 1 PROGRAM

APPENDIX VOLUME: ISSUE SUMMARIES AND METHODOLOGY

Nancy R. Wilber
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December 1, 1986

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PREFACE

The study of state and local administration of Chapter 1 of the Education Consolidation and Improvement Act is one of seven major studies commissioned by the Office of Education Research and Innovation at the U.S. Department of Education at the request of Congress. As part of the national assessment of Chapter 1, study results will provide information to Congress for Chapter 1 reauthorization. The AAI study is the only study to explore how federal policy is carried out by state and local administrators, and to analyze the relative influence of federal, state and district factors on state and district administration of Chapter 1.

The report is organized in two volumes. Volume I is designed for general readership. The first chapter presents an overview of the history of Title I/Chapter 1 administration and the major conclusions of the study. Chapter 2 describes current administrative practices and changes in practices at both the state and district level. Chapter 3 explores factors influencing administrative practice. Chapter 4 describes how select administrative policies are interpreted and carried out, noting especially state influence on district practice. Chapter 5 looks at the effects of state administration in compliance and program improvement and at the contributions of Chapter 1 administration to program operation. The final chapter brings together trends in state Chapter 1 administration and possible options for federal action.

Because detailed descriptions of administrative policies and practices were sought, a separate appendix of this report discusses each policy and practice in some detail, including the federal framework, previous research, and AAI findings. The appendix volume also contains two special topics affecting state and local administration in 1985-86 -- nonpublic schools and carryover funds -- and presents a methodological note on sample selection and data collection and analysis.

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ISSUE SUMMARIES

ISSUE SUMMARIES

Data collection and analysis in the Study of Chapter 1 Administration were structured according to a matrix formed by a list of 16 administrative policies and practices and a set of four research questions. Volume I of this final report is organized to address the four research questions: What are current state and local administrative policies and practices? How have they changed since Title I? What factors influence how they are carried out? What contributions do they make to programs delivered to students?

In contrast, the present volume serves as a resource for those readers who are interested in easy access to the findings regarding a particular policy or practice. The 16 summaries that follow not only summarize the state and local findings by area of policy or practice but also include, for each policy or practice, a review of the legislative history and previous research. This volume thus serves as a reference volume; each summary can be read and understood as a self-contained report on a particular policy or practice.

As in Volume I, administrative policies are defined as those requirements in the Chapter 1 legislation that establish the special character of Chapter 1 programs. These include fund allocation policies, which define allowable uses of Chapter 1 funds and establish who may be served; and program design policies, which define program design options and specify what people and information are to be consulted in program design decisions. Administrative policies are prescribed by federal law and regulations and, in some instances, interpreted in Nonregulatory Guidance issued by the Department of Education. They are addressed in this volume in order of the priority assigned to them in this study. The study team assigned priorities 1 and 2 to those areas affected in a major way by the Chapter 1 legislation and considered to be central for maintaining the special character of the Chapter 1 program. Priorities 3 and 4 indicate areas that the study team thought either were affected very little by the legislation or were regarded as being less important in maintaining the legislative intent. Naturally, the areas given higher priority received greater attention in data collection and

analysis and therefore are more thoroughly treated in this report. The policy areas and the priorities assigned to them are as follows:

- fund allocation policies:

  -comparability (1)
  -targeting: school eligibility/selection (2)
  -targeting: student eligibility/selection (2)
  -supplement not supplant (2)
  -maintenance of effort (4)

- program design policies:

  -evaluation (1)
  -parent involvement (1)
  -size, scope and quality (3)
  -need assessment (4)

Two policy areas were added to the study in response to significant recent events affecting Chapter 1 administration. Services to students in nonpublic schools is one such area, greatly affected by the Supreme Court's Felton decision. This decision held unconstitutional the common practice of having public school teachers provide instructional services on the premises of nonpublic sectarian schools. The other policy area recently made prominent is the administration of carryover funds. A series of articles in the Miami News late in 1985 brought to public attention the fact that millions of dollars in Chapter 1 funds remain unspent from year to year. Both these issues were addressed in the Abt Associates Incorporated (AAI) study, and summaries of these issues follow those on other policy areas.

The remaining five issue reports concern state administrative practices -- i.e., those tasks state agencies perform in carrying out their fund distribution and oversight responsibilities. These also are included in this volume in order of their priority in the study. Again, the priorities were assigned based on the degree of change indicated by the Chapter 1 legislation and the importance of the activity in preserving the legislative intent. The administrative practice areas and the priorities assigned to them are as follows:

- monitoring (1)
- auditing (1)
- technical assistance (3)

- application approval (3)
- rulemaking (3)

The issue summaries for both policies and practices follow a similar format. First is a brief summary of the legislative and regulatory history; second, a review of previous research; and third, a summary of this study's findings with regard to current state-level practices, or interpretations of policy, and changes since Title I. Fourth is a summary of findings from visits to local districts. Where the focus is on Chapter 1 administrative policy, these findings concern policy implementation at the local level as well as how implementation seems to have been influenced by state guidelines and practices. Where the focus is on state administrative practices, the findings from local visits concern local perceptions of the state activity.

In addition, Chapter 4 of Volume I examines the first and second ranked policies to see whether changes in policies have lead to a reduction in paperwork burden or a drift toward general aid. Chapter 4 also discusses the extent to which parents and evaluation information are included in program design decisions. See Chapter 3 in Volume I for analysis of the influence of state practice on districts.

FUNDS ALLOCATION POLICIES

COMPARABILITY

FEDERAL FRAMEWORK

The Chapter 1 comparability provision (ECIA, P.L. 97-35, Section 558 (c)) requires that state and local expenditures in schools with Chapter 1 projects be equivalent, taken as a whole, to expenditures in non-project schools. Comparability complements and reinforces the supplement-not-supplant requirement (Section 558 (b)) so that Chapter 1 funds are not used to supplant state or local expenditures in project schools but rather to provide supplemental services. Districts are to reallocate resources if expenditures are not comparable.

The comparability requirement was implicit in the supplement not supplant part of the 1965 Title I regulations. It was explicitly stated in the 1970 Amendments. The 1971 regulations contained five criteria for demonstrating comparability, though in 1973 the number of criteria was reduced to three. The 1973 (and later) regulations determined "equivalency" among schools using three criteria to compare each Title I school to the average of non-Title I schools of corresponding grade spans in two areas. The first criterion was the ratio of pupils to instructional staff. The second was expenditures per pupil for instructional salaries, exclusive of years of experience. If either of the first two criteria are not met, per-pupil expenditures for instructional supplies and materials were to be calculated.

The regulations also established a reporting format and schedule. Achievement of comparability was to be demonstrated by calculations made in the fall; maintenance of comparability was demonstrated by a second set of calculations between January 1 and April 30. A five percent difference between Title I project areas and non-Title I areas was allowed in the fall; ten percent was allowed for the second set of calculations.

In 1974 districts were allowed to exclude from their comparability calculations expenditures for state or locally funded compensatory education

programs. The 1976 regulations contained exclusions for state/local compensatory education, bilingual education, and special education. The 1976 regulations also introduced a requirement that districts file annually with the SEA a statement of policies and procedures to assure comparability in texts, library resources, and other instructional materials. The 1978 Amendments required districts to file comparability reports on an annual basis and required documentation of comparability even if all schools within a district were eligible for and served by Title I.

Chapter 1's comparability requirement is similar in intent to the Title I requirement. There are, however, major differences between Title I and how comparability is to be implemented under Chapter 1, the 1983 Amendments, and Nonregulatory Guidance:

- As part of the effort to reduce paperwork, Chapter 1 does not require districts to file comparability reports. Rather, districts are deemed to have met the requirement if they file a written assurance with the SEA that they have established:
  - a districtwide salary schedule;
  - a policy to ensure equivalence among schools in teachers, administrators, and auxiliary personnel;
  - a policy to ensure equivalence among schools in the provision of curriculum materials and instructional
- States determine "equivalency" criteria for assessing comparability. The Nonregulatory Guidance states that it is acceptable to use either staff/pupil ratios or per pupil expenditures, or both, or other criteria as long as they are consistent with the statute. It also indicates that a once yearly test of comparability and a ten percent leeway would be acceptable. But none of these are federally required.
- Chapter 1 allows districts to exclude unpredictable changes in student enrollment or personnel assignments during the school year for determining comparability of services.
- Like Title I, Chapter 1 (since the Technical Amendments of 1983) permits districts to exclude state and local expenditures for bilingual, handicapped, or special education programs in

computing comparability. Certain state and local compensatory education programs may also be excluded.

According to the Nonregulatory Guidance, if districts use assurances to meet the comparability requirement, they should ensure that they implement the policies contained in the assurances. Therefore, districts should retain documentation to show that they have implemented these policies. Compliance may be examined as part of program reviews, audits, or lawsuits. Small districts are often exempt from the comparability requirement. They may have only one school, for example, in the eligible grade span.

PREVIOUS RESEARCH

Several studies have examined compliance with comparability requirements and the burden involved. Browning and Costello (1974) and Winslow (1979) found substantial problems with implementing and meeting the comparability requirement under Title I. Keesling (1985) noted that, while the number of noncomplying districts seemed to be decreasing between 1974 and 1979, there were growing problems with the nature of the data used to assess compliance, which may have obscured the actual degree of compliance.

Ellman's (1981) study of comparability in 405 districts found that 66 percent reported no problems with comparability; 23 percent reported conflict with state/local resource allocation policies; 7 percent reported administrative burden; 4 percent reported both of the latter two problems.

The perceived burden of comparability varied as a function of district size in the 1983 AdTech study. Large districts more than smaller districts felt that comparability requirements were one of the most burdensome aspects of Title I. Districts of all sizes felt that comparability was not needed to serve the essential nature of Title I. Survey results in the AdTech study (1983) found only eight percent of districts doing comparability calculations reported reallocating resources to meet the requirement.

The AdTech study also reported that when asked to assess the revised Chapter 1 comparability provisions, 20 percent of Title I directors feared that the provisions did "not seem sufficient to ensure comparable resources between Title I and non-Title schools." In the same survey, 24 percent of

directors felt that the new provisions seemed "to provide relief from paperwork."

Given the low frequency of audits and the high incidence of compliance agreements reported above, Keesling (1985) "suggests that the degree of institutionalization [of comparability] was low" and anticipated that because comparability was not institutionalized under Title I, it would fall short of the legislative intent under Chapter 1. Districts might no longer check pupil-teacher ratios and pupil expenditures in Chapter 1 schools. Furthermore, because the assurances criteria consist of proof of policies rather than of their implementation, it may be extremely difficult to assess the extent of compliance with these criteria, assuming the criteria are a reasonable measure of service comparability in the first place. The net result may be that Chapter 1 schools do not receive a level of state and local funds "comparable" to those received by non-Chapter 1 schools.

Gentry (1983) in an informal survey of state Chapter 1 coordinators noted that 70 percent of the respondents had written new guidelines on comparability in response to Chapter 1.

Dougherty (1985) reported considerable change. Only four states continued to require districts to submit comparability reports. Thirty-nine states required that districts maintain documentation in their central offices -- for state monitors to examine -- showing that local schools have comparable teacher/pupil ratios and received comparable resources on a given date. Based on state directors' reports, Dougherty wrote:

> This documentation tends to bear a striking resemblance to the information contained in an old-fashioned comparability report...the absence of a requirement to submit comparability reports to the SEA in effect saves the district the cost of postage; they must compile essentially the same information in their central office to make certain their schools are comparable and for state personnel, time spent reviewing comparability reports in the state office is replaced by time spent reviewing the same information on a monitoring visit (pages 132-133).

Thus, keeping documentation on file in the districts rather than submitting it to the SEA did not decrease the paperwork burden for the districts. But Dougherty noted that several SEA Chapter 1 directors in states that now required districts to compute staff/pupil ratios only (eliminating the per

pupil salary expenditure calculations), reported reduced burden for their districts. Dougherty reported that "generally" states required only the staff/pupil ratios, not the per pupil salary expenditure calculations.

CURRENT PRACTICES/CHANGES -- STATE-LEVEL

In AAI's current study of Chapter 1 administration, 19 of the 20 states had changed their policies and/or procedures on comparability since the passage of Chapter 1. Only one state had retained the Title I equivalency criteria and reporting requirements for comparability (including district filing of comparability reports) as well as SEA in-office and on-site review and recalculation of submitted information.

A variety of state practices were reported, but all of the 19 states reporting changes now require districts to submit assurances that comparability policies have been established and are on file along with backup documentation. Since the passage of Chapter 1, 17 of these states have also shifted to reviewing district comparability as part of their routinely scheduled onsite monitoring visits instead of requiring that reports be submitted. Thus the frequency of state review now depends on the frequency of monitoring. Twelve of these SEAs check only that data on and documentation of comparability exist in district central office files. For four of these states, the only documentation checked is the existence of the policies; the other eight require the LEAs to test comparability and have those reports on file. The remaining five states either check the calculations for all districts required to document comparability or occasionally check comparability computations of "randomly" chosen local districts. Unlike other states that review comparability during on-site monitoring visits, one SEA reviews district computations during a separately scheduled annual visit focused on comparability.

Regardless of whether they require districts to test comparability, all states have policies on how comparability is to be tested. Fourteen of the SEAs in this study have set equivalence criteria to demonstrate comparable staff/pupil ratios and curriculum supplies only. In the remaining six states, three SEAs allow local districts a choice of comparability calculations (staff/pupil ratio, staff dollars per pupil, or average staffing expenditures), while one state requires its districts to calculate staff

dollars per pupil as well as per-pupil expenditures for equipment, materials, and the like. One state permits districts to choose between Title I procedures and district developed tests that show implementation of the policies in the assurances. One state retains Title I requirements.

Given the extent of the change in SEA policies and practices, state Chapter 1 directors reported surprisingly little decrease in administrative burden related to comparability from Title I to Chapter 1. When queried about administrative burden, four states reported no change at both SEA and district levels. Sixteen SEAs reported a reduction in administrative effort although six of them emphasized that the decrease was "slight." Two of these SEAs also said that they believed districts had experienced a "slight" reduction in administrative burden, while the remaining states reported no change at the local level. This lack of change in burden was said to reflect the fact that, although districts are no longer required to submit comparability reports, districts continue to follow procedures established under Title I -- perhaps because districts are confident these procedures are "correct." Several state Chapter 1 directors expressed the opinion that there had been and continued to be a lack of clarity on comparability requirements at the federal level, and this lack of information was especially felt by administrators at the local level. As noted earlier, Dougherty commented on the strong similarities between comparability documentation for Title I and such documentation for Chapter 1. It may also be that a decrease in administrative burden was not noted by SEAs in the AAI sample because at least half the states in the AAI study have high proportions of local districts too small to be affected by the comparability requirement.

Exactly half of the SEAs in this study indicated that they were as confident now under Chapter 1 as they had been under Title I that their districts were complying with federal comparability requirements. Three SEAs expressed doubts that their districts were in compliance. However, seven expressed no strong opinion.

INTERGOVERNMENTAL LINKAGES AND LOCAL POLICY

To study intergovernmental linkages and district policy, AAI researchers revisited nine of the 20 states described above as well as three districts in each state. States were then grouped into "traditional states"

-- those six whose SEA Chapter 1 programs had continued a strong compliance focus and Title I orientation -- and "changing states" -- those three whose SEA Chapter 1 programs had taken on somewhat new direction. (See Volume I, Chapters 3 and 4, for discussion of traditional and changing states.) State and local comparability policies in traditional and changing states, as well as state influence on local policy is described below.

It should be noted that visits to districts did not address whether Chapter 1 and non-Chapter 1 schools have comparable resources. The study did no independent tests of schools nor did it recalculate school data or review district documentation. The study relies on district reports of what districts say they do to meet state compliance requirements.

Significant differences in current policy exist between traditional and changing states. The traditional states all require districts to conduct annual tests of comparability, while the changing states rely on assurances from districts buttressed by documentation of districtwide salary schedules and equipment policies. Because the tests often reveal discrepancies in the resources of Chapter 1 and non-Chapter 1 schools, most large districts in traditional states must reallocate some resources each year, while districts submitting only assurances need not do so. As one would expect, for the medium and large districts in the changing states, the changes in requirements appear substantial, while changes in the traditional states seem moderate. These differences are further detailed under the following subsections.

State Requirements

While the six traditional states require annual comparability testing, one state adheres to its Title I policy, including the requirement that per pupil expenditures in Chapter 1 and non-Chapter 1 schools cannot vary by more than 5 percent. The five other traditional states show some variation; the most common requirement is that every fall districts must conduct, in each grade span of each Chapter 1 school, an annual test of staff/student ratios (usually in FTEs) and must compare that ratio with the average staff/student ratio for non-Chapter 1 schools. The two ratios may diverge by 10 percent. Tests are also required when all schools in a grade span receive Chapter 1 services, although the comparison required varies from

state to state (e.g., with the average of all schools, the poorest school, the least poor school).

All six traditional states review comparability documents on site, although only one recalculates the figures routinely. Two recalculate at district request (as a hedge against possible audit exceptions), while three do not recalculate. Only one state (the state adhering to Title I policy) requires that reports be submitted to the state agency, while two other traditional states request but do not require it.

As noted earlier, the comparability requirements of the changing states differ markedly from those of the traditional states. None of the changing states require districts to test comparability of Chapter 1 and non-Chapter 1 schools to compare resource allocations. Rather, assurances are to be submitted, and policy statements on districtwide salary schedules and equipment expenditures are to be kept in district files. Two of the changing states check those documents on site, while until this year the third did not. One changing state is predominantly rural, with only 12 districts needing to meet comparability requirements. Another has yet to announce its new policy, but will probably return to Title I requirements this fall to preclude further inquiry by the U.S. Education Department on-site monitoring teams. Two years ago, the first federal monitoring visit instructed this state to require comparability tests, and a second visit last year directed that the same test be conducted in all eligible school districts.

District Responses

All but one district in a 27 district sample need to meet comparability requirements. The one exception is located in a changing state.

Districts comply with comparability procedures primarily because the state requires them (and implicitly because of the possible withdrawal of federal funds). Across all large districts, comparability is a highly visible concern, not only because the comparisons are time consuming and difficult but also because a few have experienced audit exceptions and court cases.

Of the eight large districts in our sample, seven conduct annual tests of schools. Six are the large districts visited in traditional states,

while one is a large district in a changing state. The latter maintains Title I requirements in part because of a decade long court case on its allocation of resources. It is located in the changing state where state policy is likely to return to Title I requirements.

Almost all districts visited in traditional states conduct an annual test of staff/student ratios. The three districts in the state adhering to Title I requirements follow Title I requirements, as does one large district in another traditional state. Only two other districts, both quite small, diverge from the majority. One tests schools four times a year, while the other had not conducted regular tests until the SEA consultant made an issue of it by computing the ratios during a monitoring visit. The district now tests schools annually.

Except for the one large district that maintained Title I requirements, none of the seven remaining districts in the changing states which need to meet comparability requirements do annual tests. They submit assurances and keep policies on file.

Reallocating Resources

Where no tests are conducted, no resources have been reallocated. When tests are conducted, the reallocation of local resources depends greatly on district size. Only one of the medium or small districts had to reallocate resources (by adding $3,000 to one school's budget) to balance Chapter 1 and non-Chapter 1 schools, while four of the seven large districts must usually do so. One of them moves teachers around every year; another hires new teachers to bring schools into compliance, while a third does not reassign teachers but rather meets some federal program costs from local funds. When the fourth large district found two schools out of compliance, the SEA proposed regrouping the schools. By that method the schools became comparable, and no adjustments were made. Two of the four large districts that reallocate resources continue the Title I requirements.

Administrative Burden

A major intent of the Chapter 1 comparability requirements is to reduce administrative burden by relaxing reporting requirements and the need for multiple tests; by making salary computations optional; and by expanding

the permitted variance from 5 to 10 percent. Among the eight large districts visited, no change was reported for the three following Title I requirements. Moderate change was reported for the three districts doing annual tests under the Chapter 1 requirements. No longer including staff salary data was the primary reason; one district also mentioned time savings through once-a-year testing and the 10 percent variance. Two large districts reported a substantial decrease in burden. One does no testing but submits assurances and keeps policies on site. The other large district cited the time savings from a newly developed computerized staff information system and the fact that staff salaries were no longer computed.

The amount of time saved from the reduced requirements could not be estimated for the large districts. In one district noting moderate changes, for example, all respondents agreed that comparability requirements now took only half as long, but the estimated time saved ranged from .5 person months to 5 person months.

Among the changing states, the medium-sized districts noted substantial reductions in burden by no longer conducting tests. In the small districts, the changes were seen as minor.

All 12 medium and small districts visited in the traditional states do comparability calculations. In only one of these districts were the changed comparability requirements seen as a substantial reduction in administrative burden. In this medium-sized district, dropping the salary calculations was mentioned, but the primary reason was the shift in program design to an exclusively elementary program serving all schools. Other medium-sized districts reported minor or moderate reductions in burden, due to the absence of salary computations and less report writing. In the small districts, on the other hand, only one program cited even a moderate reduction in burden, which it attributed to less contact with the district's exceptionally poor recordkeeping system. While time estimates are not precise, it appears that relatively little time is spent on comparability requirements in small and medium-sized districts, ranging from two to five person days a year.

TARGETING: SCHOOL ELIGIBILITY/SELECTION

FEDERAL FRAMEWORK

Concentrating services to schools with high incidences of children from low-income families has been a consistent goal of both Title I and Chapter 1. Chapter 1 (Section 556 (b) as amended) requires that funded programs and projects be "conducted in attendance areas of an agency having the highest concentrations of low-income children; or . . . in all attendance areas of an agency which has a uniformly high concentration of such children." Nevertheless, the law allows for the inclusion of a majority of schools in most districts.

Under Title I, school attendance areas were to be ranked from highest to lowest percent of children in poverty, using the "best available poverty measure." In most instances, if the percent of poor children residing in an attendance area was at least as high as the district average, the school was considered eligible for a Title I program. However, there were several exceptions to the strict ranking. A district could limit services to a specific grade span (K-6, for example) and then rank school attendance areas within this grade span. Also, in districts where there was "no wide variance" in poverty among attendance areas, all areas could be served including areas somewhat below the district poverty average. Third, an attendance area having a relatively high concentration of low-income children could be passed over or "skipped" in favor of an attendance area having a "substantially greater" concentration of "educationally deprived" (that is, lower achieving) children. Fourth, an attendance area could be skipped if it was served by a state or local compensatory education program providing services of the ". . . same nature and scope" as Title I. Fifth, all attendance areas having a 25 percent or greater concentration of children from low-income families were deemed eligible even if the 25 percent concentration was below the district average (the "25 percent rule"). This provision could be applied only if the

total level of Title I and state compensatory education expenditures in Title I areas served during the previous year remained the same or increased. Sixth, as an alternative to calculating the number of low-income children residing in an attendance area, an district could count the number of low income children in attendance at individual schools. Finally, Title I included a "grandfather clause," which provided that an attendance area could receive funds for two more years even if it no longer had a high concentration of children from low-income families.

The original school targeting provisions under Chapter 1 were quite general and omitted the exceptions developed under Title I. The "no wide variance" rule was retained through the provision allowing districts to serve all attendance areas with "uniformly high" concentrations of low-income children. The major change in the Chapter 1 legislation, which would have permitted districts to "utilize part" of their Chapter 1 funds to serve students anywhere within their districts, was repealed by the 1983 Technical Amendments. These 1983 Amendments also reinstated the Title I exceptions listed above and added an exemption from school targeting for districts enrolling fewer than 1,000 students.

Although the changes are generally considered minor, the Chapter 1 targeting requirement is less restrictive than was Title I in several ways. "Highest concentration" of low-income children is not expressly defined to mean above the district average. The ranking of attendance areas from highest to lowest is no longer explicitly required, but seems implicit in the targeting requirement. The "best measure of poverty" requirement was eliminated. The 25 percent rule is no longer conditioned, as it was under Title 1, so expenditures in Chapter 1 areas served during the previous year need not remain constant. Also, the "no wide variance" rule has been relaxed so that the amount of variance allowed in the poverty rankings for the highest and lowest ranked attendance areas is greater.

PREVIOUS RESEARCH

Studies of Title I found compliance problems with regard to school targeting. Winslow (1979) reported that, during the late sixties, ". . . the predominant problem was services given to schools in attendance areas that did not meet the eligibility criteria." By the early seventies, he reported,

providing services to children in ". . . ineligible attendance areas was the least dominant problem". It had been replaced by procedural problems (lack of uniform criteria and/or selection procedures, inadequate documentation) and data problems (lack of data or the use of subjective data). Problems with outdated, inaccurate, inadequate, or subjective data continued through the seventies. Winslow noted similar problems with student selection.

Another early study (Hemenway et al., 1978) reported the three most used criteria districts applied to determine school eligibility: (1) number of children receiving free or reduced-price lunches (used by 73 percent of surveyed districts); (2) AFDC counts (used by 57 percent); and (3) census data on family income (used by 42 percent). Clearly, a number of districts used multiple poverty measures to calculate eligibility.

In 1977, Goettel and Orland also considered district use of poverty measures, reporting that most districts in their 32 district sample used only one such indicator. However, they also noted there was a wide variation among districts in their application of poverty measures and the subsequent ranking of attendance areas and schools. Goettel and Orland wrote that selecting among poverty measures was a "volatile political issue" and that "poverty indicators can vary markedly in their ability to accurately reflect the current poverty conditions of different population groups . . . ." The flexibility of choice of these measures seemed to have led to inconsistent definitions of the "best available measure" of poverty and, in instances where different measures produced different rankings, political pressure to fund as many schools as possible so that no population group would feel under-funded.

NIE, in its Compensatory Education Study (1978), recognized the "very high proportion" of schools served by Title I and noted: "Districts appear to be using two or more criteria, and calling schools eligible if they fit any one . . . ." NIE also concluded that there are strong pressures at the local level to increase the numbers of schools served by Title I and that the legislative goal to concentrate on the lowest income schools within local districts is ". . . not being effectively met."

A 1982 Department of Education review of research concluded that the existing practices permitted districts to "offer Title I programs more often in schools with larger proportions of students from poor families" (Keesling, 1985). However, Keesling further noted that the same report indicated: ". . .

nearly 70 percent of all schools with any grades between first and sixth received Title I funds, and that more than 90 percent of eligible schools were served."

In the District Practices Study, AdTech (1983) found a tendency among school districts to use data sources or procedures which allowed high proportions of schools to meet the eligibility requirements for Title I funds. When asked their objectives in choosing data sources for school selection, 58 percent of the surveyed districts said they wanted to provide ". . . . services to as many schools or students as possible." Seventy-four percent of the districts in the study reported that they were serving all eligible schools.

During the District Practices Study, Title I directors also were asked what school selection criteria they would prefer to use, if there were no federal or state requirement. Reported preferences were related to size of district enrollment: three-quarters of the small districts said that they would use achievement data; half of the other districts agreed. Only 8 percent of all districts indicated that they would use poverty data (AdTech, 1983).

In his review of the District Practices Study, Keesling (1985) speculated that: (1) districts wanted to serve all students who were "lagging in achievement" regardless of what schools they attended; and (2) some use of multiple poverty measures and some of the inclusion of all eligible schools were motivated by this desire. Keesling further noted that, in his interviews with state and local administrators, nearly every respondent expected to see little change in school selection practices between Title I and Chapter 1.

Dougherty (1985) confirmed this latter expectation in his survey of state Chapter 1 directors. Three-quarters of the 49 state directors said that they perceived no difference in the procedures districts used to select schools since the passage of the Chapter 1 legislation. Of the 13 directors who indicated they saw differences, seven referred to the change in the supplement-not-supplant provision that has led some districts to reallocate state compensatory education money from Chapter 1 to non-Chapter 1 schools. All 49 directors reported that districts continued to rank schools according to low-income criteria and considered eligible those schools with higher-than-district-average numbers/percentages of low-income children. According to

Dougherty, free school lunch eligibility continued to be the almost universal method districts used to count low-income children.

CURRENT PRACTICES/CHANGES -- STATE-LEVEL

The AAI study of administrative practices in the Chapter 1 program further reinforces the findings discussed above. Only one state director felt that state policies and practices with respect to school targeting had changed substantially since the passage of Chapter 1. The other 19 directors and their staffs said that, since the passage of Chapter 1, there had been no change or "very minor" change in state-level guidelines/policies on school targeting. In addition, the SEAs felt that state-level application requirements and monitoring practices regarding school targeting had not changed since the passage of Chapter 1.

Two states reporting changes (of any magnitude) noted that districts now had to submit assurances with their applications and to maintain documentation on school targeting in district files, rather than documenting their school targeting practices in their applications as well as retaining information on-site. Seventeen states continue to require their districts to submit poverty rankings of schools on the application form. The remaining state requires its districts to submit the documentation at another time.

All of the states in the AAI sample said that they continue to monitor school targeting practices during on-site visits. Eleven SEAs specifically mentioned data reviews, recalculations, and checks for specific forms of documentation. One of these states particularly noted that state staff check to ensure that services are provided in targeted schools.

As under Title I, the states in the AAI study indicated that most of their districts used free/reduced school lunch computations to count students. However, only two states actually required local districts to use school lunch counts. Five more SEAs said they encouraged their districts to use school lunch as the "best available poverty measure." Two states required districts to use AFDC recipients as the measure of poverty for school targeting. Nine SEAs said they did not suggest a measure for their districts to apply in school targeting, and two states provided no information on this specific issue.

In general, states do not prohibit use of any federal options for school selection procedures and also allow the slightly broader interpretation of "no wide variance" introduced with Chapter 1.

Only three states of 17 responding said they restrict federal options. One state, where the statewide poverty average is above 20 percent, prohibits the expanded "no wide variance" and permits no school to be served unless at least 25 percent of its students are on free or reduced lunch. It had the same restriction under Title I, although the required minimum then was 30 percent. The second state does not accept "grandfathering" schools where schools could be retained an additional year even if they no longer met the poverty criteria. The third state restricts options by not allowing the relaxed standard on "no wide variance" or service to magnet schools.

INTERGOVERNMENTAL LINKAGES AND LOCAL POLICY

To study intergovernmental linkages and district policy, AAI researchers revisited nine of the 20 states described above as well as three districts in each state. States were then grouped into "traditional" states -- those that continued a strong compliance focus and Title I orientation -and "changing" states -- those three states whose SEA Chapter 1 programs had taken on somewhat new direction. (See Volume I, Chapter 3 and 4.) State and local school targeting policies in traditional and changing states, as well as state influence on local policy is described below.

Little change occurred in state policy on school targeting, in either traditional or changing states. The two groups also did not differ on targeting policies, documentation requirements, or restrictions on targeting options. Nor have the districts visited changed their targeting procedures under Chapter 1. The state presents the criteria districts may use in targeting, while local factors -- such as district size, poverty distributions and district goals of serving as many schools as possible -- appear to determine which criteria are applied.

State Policies

Three states -- two traditional and one changing -- require districts to use a given poverty criterion. One traditional state requires districts use the numbers of children receiving free lunch or free milk, while

another requires using the number of students who receive Aid to Families with Dependent Children (AFDC). One of the changing states calculates and ranks all schools using AFDC data; most school districts use these rankings when available. Long standing practice in the other six states has been to use free lunch or free and reduced lunch as a criterion; thus a state requirement is almost redundant. More children qualify for free lunch or free and reduced lunch so is preferred to the more restrictive AFDC counts.

All three states that restrict federal options for school selection procedures were in the nine state sample. The one which prohibits the expanded "no wide variance" and requires that at least 25 percent of students in schools served be on free or reduced lunch is in the traditional group, as was the state that does not accept "grandfathering." The state that does not allow the expanded "no wide variance" or service to magnet schools is in the changing group.

Eight of the nine states continue to require their districts to submit documentation of school targeting on application forms. Along with the districtwide poverty percentage, districts submit the list of schools ranked by either percent or number in poverty. At least six states require enough information so that SEA consultants can recalculate the figures during the application review process. The ninth state, a changing state, requires the submission of targeting documentation at a time separate from the application process.

District Responses

Of the 27 districts visited, 21 used either free or free and reduced lunch, usually because it is convenient, allows the most schools to be served, and has been in place for some time. Five of the six remaining districts are located in the two states requiring AFDC counts, and used AFDC records. The sixth district uses free lunch, because AFDC data are not readily available on a school by school basis in this large district.

Very little change was reported in how schools are selected for Chapter 1 service. Two thirds of the districts in traditional states reported no change, and none of the nine districts located in the changing states had altered their practices. Only one reported a significant change. Prompted by the new Chapter 1 coordinator's desire to serve all elementary schools, this

medium-sized district has gone from using free lunch to free and reduced lunch and has adopted the 25 percent rule, allowing schools eligible with 25 percent or greater concentration of children from low income families even if the district average is above 25 percent.

Three of the large districts slightly changed their targeting options, all in the direction of serving more schools. Two adopted the 25 percent rule to serve more schools, and in one case to simplify its comparability problems. The third had shifted in 1980 from using AFDC to free and reduced lunch to serve more schools and expend its carryover. When money again became tight, it reduced the grade span (to grades 1-3) rather than remove services from schools.

The only other district to change targeting practices was a medium-sized district that had experienced substantial school closings. In order to continue services to Chapter 1 students transferred to a formerly ineligible school, the Chapter 1 director shifted from using AFDC to 70 percent poverty and 30 percent free lunch to make the school eligible. Because AFDC was the state requirement, he first obtained permission from the State Chapter 1 director.

Across all districts, the ratio of Chapter 1 schools to all public schools in the chosen grade spans went from 63 percent in 1980-81 to 68 percent in 1984-85, not a significant change. There were no appreciable differences between districts in changing and traditional states. Our 27 district sample is too small for generalizing across districts, but it does raise a question about whether Chapter 1 funds are concentrated in the poorest schools in a district when two-thirds of all public schools in the grade spans covered receive services.

The primary role state policy plays in targeting is to convey to districts the allowable options. What options are chosen appear based on district factors and objectives -- e.g., size of district, distribution of poverty, and district philosophy to serve as many schools as possible.

TARGETING: STUDENT ELIGIBILITY/SELECTION

FEDERAL FRAMEWORK

Title I specifically limited compensatory educational services to educationally deprived children. If a district could not serve all educationally deprived children in its project areas, it was to concentrate on those students in "greatest need." Title I regulations defined "greatest need" to mean those students furthest behind in performance.

Over time, however, the greatest need requirement was modified in federal regulations and guidelines to incorporate several exceptions. First, educationally deprived children selected under greatest need criteria during the previous year could continue in the program although their performance had improved and they were no longer among the children furthest behind. Second, a Title I participant who transferred to a non-Title I school could continue to receive Title I services for the remainder of the school year. Also, children could be "skipped" if they were receiving state/local compensatory education services of "the same nature and scope" as Title I. Another Title I policy allowed students who were not educationally deprived to participate in Title I programs on "an infrequent and incidental basis." Finally, in schools with very high incidences of poverty, Title I allowed schoolwide projects. These policies were codified in the 1978 Technical Amendments.

The passage of the federal Education for All Handicapped Children Act (P.L. 94-142) in 1975 and the Lau v. Nichols decision, handed down by the U.S. Supreme Court in 1974, affected Title I policies and regulations in the area of student selection. The Nonregulatory Guidance of June 1983 addressed the issues raised by P.L. 94-142 and Lau. Title I funds could not be used to ensure effective participation of handicapped and limited-English-proficient children in school, but Title I resources could provide support services which supplemented an "adequate" state and local effort. Also, children could not

be excluded from Title I programs merely on the basis of their handicapping condition or language deficiencies.

Chapter 1 appeared to expand the options for district student selection procedures. Districts were to select students ". . . based upon an annual assessment of educational needs which identifies educationally deprived children in all eligible attendance areas . . . [and] permits selection of those children who have the greatest need for special assistance" (Section 556 (b)(2)). Also, Chapter 1 provided the option to ". . . utilize part of the available funds for services which promise to provide significant help for all such children . . ." (Section 556 (b)(1)(c)). The "permits" and "all such children" provisions were viewed by many commentators as opening the door to dispersing Chapter 1 funds/services over many more students including children who were not in greatest need of services.

The "all such children" provision was repealed by the 1983 Technical Amendments; these amendments also changed the "permits" provision such that the law now "requires, among the educationally deprived children selected, the inclusion of those children who have the greatest need." Other federal guidance made clear that Chapter 1 funds were not to be used for general aid.

Chapter 1 differs from Title I in that it does not expressly define "greatest need" as "furthest behind." This language of Chapter 1 could be interpreted as allowing more local discretion in selecting children to receive Chapter 1 services. The intent to allow local determinations of who was in greatest need was noted in a Senate report which stated that the Congress did not intend to ". . . disturb the ECIA policy of leaving to the local educational agency how best to reasonably determine who these 'greatest needs' children are" (Senate Report 98-166,1983).

PREVIOUS RESEARCH

Researchers have identified problems with student selection throughout the history of Title I. Winslow (1979) wrote that in the late 1960s the problem was use of non-educational criteria (income level, for example) to select students. However, in the 1970s, Winslow found that ". . . the most frequent problems involved non-compliance with the greatest need rule, lack of (or non-adherence to) selection criteria and procedures, and use of improper criteria."

In 1977, Goettel and Orland reported that in their eight case study sites state oversight of local compliance with the greatest need requirement ". . . was generally weak . . ." and that nearly all responding districts contained schools where student selection included factors other than "most in need." Standardized tests were certainly used as were more subjective measures such as teacher judgment. Sometimes the measures were combined into a single index score; however, uses of all types of assessments tended to be unsystematic.

Using data from SDC's Sustaining Effects Study, Breglio, Hinkley, and Beal (1978) calculated that 16 percent of the students served by Title I were in the upper half of the score distribution on standardized tests of prior achievement. Although this statistic does not necessarily indicate illegal practices, as one response to it, the Department of Education emphasized training on needs assessment and student selection for state and local Title I staff. Such training was to be provided by Technical Assistance Centers. It was hoped that this training would alleviate possible problems with student selection.

AdTech in the District Practices Study (1983) reported that nearly all districts used cutoff scores on achievement tests to select students, but they were used exclusively in only some districts. More than three-fifths of the districts reported that ". . . teachers may decide that some students above the cutoff point need Title I services." Nearly three-fifths of the districts also said that ". . . teachers may decide that some students below the cutoff point do not need Title I services." Finally, one-quarter of the responding districts said that a student's potential for success was considered during the selection process.

In reviewing these studies on student selection, Keesling (1985) wrote:

> Through the middle 1970s, Title I services were provided to a substantial number of students who were not educationally deprived. While the number of clear violations may have lessened, suggesting greater institutionalization of the basic federal goal, flexible, subjective, and poorly documented student selection policies and practices may mask instances of service to ineligible students. (page 3-11)

In Dougherty's recent (1985) study of Chapter 1, 44 states reported that they required their districts to serve students in rank order, permitting only the explicit Chapter 1 exceptions. State directors told Dougherty that if Congress intended to allow districts to ". . . skip educationally deprived children just as they please . . . ," the Congress would not have specified certain conditions which permit "skipping."

CURRENT PRACTICES/CHANGES -- STATE-LEVEL

In AAI's study of administrative practices, the review of student selection considered: eligibility criteria as defined by SEAs; selection procedures; measurement methodologies; and administrative process.

Eight of the 20 SEAs in the AAI sample had not established specific eligibility criteria for districts to apply in selecting low achieving students. The other 12 had all established a test score cutoff criterion for student selection. Two of these states had alternative cutoff criteria (grade level performance, for example) which districts could apply instead of or in addition to the test score criterion.

Rank-ordering all eligible students on the basis of selection criteria was required by SEAs in half of the 20 states, while five other states strongly encouraged rank-ordering. Fourteen states either required or said they strongly encouraged their districts to limit selection to those students "greatest in need," and about half of the states said they discouraged districts from selecting students out of rank order. Six states defined greatest need at the SEA level. The remaining 14 states left this definition to the discretion of their districts.

All 20 of the SEAs in the AAI study required or strongly encouraged their districts to establish selection procedures based on scores from standardized tests. A slight majority of the sample states (11 of the 20 SEAs) are encouraging districts to use clearly specified, quantifiable multi-factor methods in their selection processes.

Since the passage of Chapter 1, states modified their reporting/documentation requirements and procedures for student selection. Twelve of the 20 states accepted assurances from districts on their Chapter 1 applications. Of these, six states continued to require some data with their

applications in addition to detailed documentation in district files. The other six assurance states required districts only to retain the documentation in their files. Eight states (40 percent) did not accept assurances and required much or exactly the same documentation in Chapter 1 applications as was required under Title I. All 20 states reviewed/checked the documentation on student selection during monitoring visits.

INTERGOVERNMENTAL LINKAGES AND LOCAL POLICY

To study intergovernmental linkages and district policy, AAI researchers revisited nine of the 20 states described above as well as three districts in each state. States were then grouped into "traditional" states -- those that continued a strong compliance focus and Title I orientation -- and "changing" states -- those three states whose SEA Chapter 1 programs had taken on somewhat new direction. State and local policy in traditional and changing states, as well as state influence on local policy is described below.

Changes in Chapter 1 language for student selection were initially viewed as opening the door to dispersing Chapter 1 services over more students, including children who were not in greatest need. Although the 1983 Technical Amendments clarified that the students in greatest need were to be served, they did not expressly define "in greatest need" as "furthest behind" Most states continued as they had under Title I; only one state, a traditional state, now allows teachers to select students from among the eligible pool rather than strictly by rank order.

State Policies

At the state level, policies and practices in two-thirds of both the traditional and changing states have remained virtually unchanged. All but one state continue careful on-site review of ranked lists of students. Of the two traditional states showing some change, one moved to assurances from districts that proper procedures are followed (it reports that it "eyeballs cutoff scores like a hawk"), during on-site monitoring visits, while another requires strict adherence to the cutoff score but allows somewhat more flexibility in choosing among eligible students. This is the only state that does not require or "strongly encourage" serving students in rank order,

starting with the lowest achieving. One traditional state requires slightly less documentation in the application but asks for it during on-site monitoring. The one changing state, where monitoring is increasing on instructions from federal monitors, had shifted its policies when Chapter 1 passed to assurances with no monitoring.

Most states do not rely exclusively on test scores for selecting students. All but two -- one traditional and one changing -- urge that test scores be supplemented with other measures such as some quantified measure of teacher judgment, points for failing certain subjects, or points for being retained in grade. In one state where the state director is leery of standardized test scores, teachers first recommend students who are then tested. Whatever the method used, students are to be ranked and then selected "from the bottom up" (except in the one state that introduced teacher discretion after testing).

There appears to be some difference between traditional and changing states on mandated cutoff percentiles. Traditional states are somewhat more likely to either encourage or require lower cutoff percentiles than the changing states. Four of the six traditional states specify a cutoff of the 40th percentile or below, while only one of the three changing states specifies the 40th percentile. The others require students be selected who score below the 50th percentile.

Two traditional states had quite specific requirements. One "strongly suggested" concentrating on the youngest students and using the 36th percentile as a cutoff, while another required districts to use the California Achievement Test and to serve students in groups: those below the 22nd percentile first, then those between the 22nd and 38th percentile, and last, those between the 39th and 49th percentile.

District Responses

As is the case with other fund allocation requirements, district practices included at least the minimum required by the state. For example, in the state strongly suggesting the 36th percentile or below, all three districts had sought to raise the cutoff score, and one had tried to start a "transitional" program for those above the 36th percentile, but the state agency had denied their requests. In the traditional state requiring students

be grouped according to severity of need, the three districts visited classified students as having "severe," "moderate," or "slight" need and provided more intensive services to those most in need. Those with "slight" need, for example, received only after-school services and then only if all students in the more severe categories were served first.

Although the sample of districts visited is too small to generalize, it appears that the student selection cutoffs used vary more among districts in the changing states than among districts in the traditional states. For example, in the changing state where all supplemental services have been consolidated, all three districts use only standardized tests and select the lowest achieving students first, but the program options vary. The large district concentrates more resources in very poor schools; the medium-sized district serves all students below the 49th percentile in a narrow grade span; and the small district serves all students below the 25th percentile. The variation may be related to the state role in program design. As pointed out in the following discussion of supplement not supplant, changing states are generally not consulted about local program design decisions, while districts in traditional states often remark on the necessity of state approval. Program designs in changing states are more varied than in traditional states. Whether in-class or pullout programs are used has implications for how many children are served and therefore to what cutoff scores are generally used.

Variability among districts within the traditional states is related to district size. Large districts are somewhat less likely than the smaller districts to use quantified measures of teacher judgment for students selection. They are more likely to use only test scores and perhaps previous Chapter 1 enrollment. They are also more likely to target the lowest achieving schools for additional resources.

The differences cited above are not a consequence of Chapter 1 law. All districts reported either no or minor changes in student selection from Title I.

Across most districts visited, few Chapter 1 students were reported as being either handicapped or bilingual. Such students usually received services under other funds, although one metropolitan district had started a special pilot program for handicapped Chapter 1 students. In general,

handicapped students could receive Chapter 1 services once the district had met their core requirements. In several districts, Chapter 1 was sometimes seen as a pool from which to select children for handicapped services, especially if they scored below the 15th percentile. The smaller class size also enabled children to be observed more closely. In districts in two states, however, handicapped students appeared to be excluded from Chapter 1, and one of these states, explicitly prohibited handicapped children in Chapter 1 classes, although a few occasionally appeared through special state waivers. The latter was concerned that Chapter 1 funds supplanted funds for special education students. Special education funds in this state were reported to be ample.

Federal law and state interpretation appear to have their strongest influence on student selection by setting the outer limits (e.g., students must be selected below the 50th percentile) and proposing the general philosophy (i.e., retaining the Title I philosophy of serving the lowest achieving students first).

Selecting Students in Greatest Need

Changes in Chapter 1 appear to have caused no dispersion of services over a greater number of students; districts appeared by pay close attention to selecting students only below the cutoff score, which was often set below the usual SEA limit of the 49th percentile.

With a few exceptions, districts also reported that they selected students "from the bottom up;" there seemed to be general agreement that Chapter 1 was a program for those in greatest need, although only an audit of the records can verify such statements. One traditional state now allows more teacher discretion in defining "greatest need;" thus some higher scoring students may receive services before lower scoring ones if teachers feel the scores do not accurately reflect student achievement. In two other districts, teachers commented on wanting to teach those around the 35th percentile, but little concern was voiced since local funds provided supplemental services to students between the 35th and 49th percentiles. Finally, one small school district had under Title I struck a "balance between greatest need and most likely to benefit," but in 1982 at the insistence of a new superintendent returned to serving those with the greatest need.

SUPPLEMENT NOT SUPPLANT

FEDERAL FRAMEWORK

The supplement-not-supplant requirement (Section 558 (b)) prohibits districts from using Chapter 1 funds to pay for services that local or state funds would support in the absence of federal funds. A similar requirement was in effect under Title I. Chapter 1 programs are to be offered as additional services, not as substitutes for state and locally funded services.

Although never a federal requirement, pullout programs often were considered the most certain way to demonstrate that programs were supplemental under Title I. Thus, some states required them. Chapter 1 differs from Title I in that it explicitly restricts states from requiring that districts provide services outside the regular classroom as a means to meet this requirement (Section 558 (c)).

Chapter 1 also excluded state and local compensatory education funds from the state and local monies that Title I had to supplement (Section 558 (d)). The 1983 Amendments described the characteristics of programs eligible for this exclusion and required SEAs to monitor such programs.

A 1974 regulation that required districts to document that they charged Title I only for costs in excess of those of the regular school program was not carried over into Chapter 1. The Nonregulatory Guidance, however, reintroduced examples of how to document supplemental services that were virtually the same as models used earlier to document excess costs. The six categories of program design models are in-class, limited pullout, extended pullout, replacement, add-on, and "other." The OMB's Compliance Supplement for auditors also suggests that they use an excess costs test to determine whether districts' use of funds was supplementary.

PREVIOUS RESEARCH

Although the 1978 Amendments provided examples of how to apply supplement-not-supplant principles in day-to-day situations, the requirement continued to be somewhat problematic in the last years of Title I.

In the AIR Study of State Management Practices (Bessey et al., 1982) 26 state coordinators reported problems monitoring the supplement not supplant provisions, and 13 state coordinators thought them "major" problems. These problems had to do with the nature and extent of information that was needed to determine whether the requirements were being met. A number of coordinators reported problems in offering technical assistance on not-supplanting. It was also a problem that frequently resulted in the delay of Title I application approvals.

Interview data from the AdTech study (1983) show that 28 percent of district Title I directors in the 100 representative site districts said they have had problems with the supplement not supplant requirement. Designing a supplementary program in secondary schools was one area where problems arose. Dougherty's interviews (1985) with state Chapter 1 directors also detailed difficulties in designing legal high school programs, especially with the increase in state mandated course work. Some states are responding by adopting excess cost rules (Dougherty, 1985).

The AdTech interviews also revealed some misunderstandings about the supplement not supplant provision. "Virtually none" of the directors described supplanting as a failure to provide students their fair share of state or locally funded services (AdTech, 1983). Over a third defined supplanting as a problem involving use of Title I funds for ineligible students (a general aid problem, not a supplanting violation). In the limited number of state and local interviews Keesling conducted in his recent study, he concluded that under Chapter 1: "It seems likely that Chapter 1 students will receive certain supplementary services, while receiving somewhat less than their share of state and local services" (Keesling, 1985).

In the AdTech survey, 92 percent of districts used a pullout design, removing Title I students from regular classrooms for part or all of their

program. Of these, 81 percent said they did so because of educational superiority, 60 percent to comply with funds allocation requirements, and 44 percent due to state influence.

As reported by Dougherty (1985), 14 of 39 SEAs preferred or recommended pullout programs. Nine of the 14 directors said that they preferred the pullout model because it curbed teachers' tendencies to use aides for general classroom duties. All these directors reported that the pullout model was the most frequently used model in their states. Seven directors, including one who preferred in-class models, claimed research results that showed pullout programs to be more effective.

Of the remaining 25 directors who did not prefer or recommend pullouts, 24 said that they did not recommend any model because they believed that which model was best depended on local circumstances. Six stated that, nevertheless, they preferred in-class. In-class models were reported to be predominant in six of the 25 states. In-class advocates claimed that these models encouraged better coordination with the regular program and prevented stigmatizing of students.

As of 1984, five of 20 states with state compensatory education (SCE) programs reported that the SCE exemption meant that more SCE money was being spent in non-Chapter 1 schools than under Title I. Directors in these states favored continuing the exemption because it allowed districts to serve needy students in non-Chapter 1 schools rather than concentrating all funds in Chapter 1 schools regardless of need (Dougherty, 1985).

PRACTICES AND CHANGES -- STATE LEVEL

SEAs in the AAI sample reported virtually no change in their policies or practices related to the supplement-not-supplant requirement since Chapter 1 took effect. They also reported little change among their districts.

Of 19 states reporting, eight preferred pullout and three preferred in-class programs. Eight states did not have a preference, although individual staff in these states sometimes encouraged districts to choose one or the other model. In virtually all states, SEAs reported that pullout

models were most often used by districts; only one state reported that in-class programs were more common.

The federal clarification that pullout programs were not necessary to demonstrate compliance with the supplement not supplant provision had slight influence in only two states. In one state, where in-class programs were preferred by the SEA but where pullouts were more frequently used by districts, the federal clarification encouraged the SEA to advocate its preference more actively. In another, the SEA reported that it encouraged districts to develop in-class high school programs.

Six of the states in the AAI sample had state compensatory education programs, but use of the exclusion for these funds was reported in only two states. In these two states, most SCE funds were reportedly used in higher grade schools than Chapter 1 funds, limiting the extent to which the exclusion would have been relevant. In three additional states the exclusion was not used because all SCE funds were used in higher grade schools than Chapter 1. In one state, SCE funds were used for state-mandated compensatory education services that Chapter 1 funds had to supplement.

INTERGOVERNMENTAL LINKAGES AND LOCAL POLICY

To study intergovernmental linkages and district policy, AAI researchers revisited nine of the 20 states described above as well as three districts in each state. States were then grouped into "traditional states" -- those six states whose SEA Chapter 1 programs had continued a strong compliance focus and Title I orientation -- and "changing states" --those three states whose SEA Chapter 1 programs had taken on somewhat new direction. (See Volume I, Chapters 3 and 4.) State and local program design policies and the use of the exclusion for compensatory education programs in traditional and changing states, as well as state influence on local policy, are described below.

State Policies on Program Design

Two-thirds of the traditional and changing states had a preferred program design. Of the four traditional states in this group, three prefer pullout programs, because they are usually found easier to monitor or to prevent misuse of aides' time. One state called pullout programs

educationally better. Both changing states with preferences, on the other hand, favor in-class programs, stating that they are educationally better and less disruptive to children's time; but only one of these states actively encourages in-class programs. Two traditional states have no stated preference, although one favors pullouts in districts that have a history of supplanting.

Traditional and changing states differ less in program preference than in whether that preference was communicated to districts. In the traditional states, districts tended to remark on the necessity for state approval and occasionally had difficulty obtaining approval for changing their program design, even when the state Chapter 1 office had no strong preference regarding design. Approval would eventually be granted, but districts had to show that program designs were indeed supplementary. By contrast, districts in the changing states did not expect to consult the state office about program design decisions and regarded it as having little say in the matter.

District Program Design

Whether in traditional or changing states, districts operate for the most part in keeping with state Chapter 1 office preferences but for reasons of their own. In one traditional state, however, all three districts visited cited the state's preference as the major reason for choosing the pullout design. Decisions about program design are typically negotiated among the district office, the Chapter 1 program office, and individual principals. These decisions include other variables such as budget considerations, a district's philosophy about using certified professionals or aides, and availability of additional classrooms.

Almost three-fourths (13) of the districts in the traditional states use the pullout model either mainly or exclusively. Of the two districts using primarily in-class models, one is located in the traditional state encouraging these models, while the other is in a state where the SEA consultant prefers them for reasons of economics. Of the three districts with a mixed design (i.e., no single preference), two are located in the state preferring in-class programs, while the other is in a state with no preference. The pattern of program design does not vary with district size. Four of the six metropolitan

districts have primarily pullout designs, while one has a mixed design and one uses primarily an in-class model.

Districts in the changing states are more likely to use a range of program models. Four use mainly pullout programs, three use mixed models, and the remaining two use in-class programs. Those with mixed models are all from the state that does not push its preference for in-class programs. In the changing state preferring in-class programs, only one district uses an in-class program, and it was not aware of the state's preference. Programs in the third changing state are all different from each other. Of the two metropolitan districts among the changing states, one has primarily a pullout program while the other has a mixed design.

State and District Policy on the Compensatory Education Exclusion

Four states -- two traditional and two changing -- have state compensatory education programs. Our data present rather sketchy information on the extent to which the exclusion is known and used. In two states -- one traditional and one changing -- the exclusion for state compensatory education is seldom used since state Chapter 1 guidelines require that virtually all state funds be targeted for students in junior and senior high schools, with federal funds used in the elementary grades. In the remaining changing state, only the large district in our sample received state compensatory education funds. These were distributed to the lowest achieving schools first. When they were exhausted, Chapter 1 funds were distributed, so there was little overlap of schools. In the remaining traditional state, the exclusion does not apply for the large district since Chapter 1 is restricted to elementary schools, with state funds going into the middle and high schools. In the medium and small districts visited in this state, it appears that unserved eligible children in Chapter 1 schools receive state compensatory education funds first, and further schools eligible for Chapter 1 are added as funds permit.

About one-fifth (6) of the districts visited have local compensatory education funds but no state funds. The local contribution is quite small, and it was not clear whether the new exclusion affects how resources are allocated in these districts.

In districts with either state or local compensatory education funds, coordinators were unclear about whether they were using the exclusion, perhaps because state Chapter 1 staff have not clearly explained this section of the law or do not include it in monitoring visits. In many districts visited, what is monitored under "supplement, not supplant" often appears to be the general aid provisions (e.g., that aides work only with Chapter 1 students, or that Chapter 1 teachers and aides spend no more than 10 percent of their time on general school duties) rather than on whether Chapter 1 students get their fair share of state and local resources.

MAINTENANCE OF EFFORT

FEDERAL FRAMEWORK

The maintenance of effort provision (Section 558 (a)) is designed to prevent districts from decreasing their total fiscal efforts (in state and local expenditures) upon receipt of Chapter 1 funds.

Maintenance of effort was originally defined as district maintenance of per-pupil expenditures. The 1965 Elementary and Secondary Education Act contained a provision that districts could receive Title I funds in a given year only if state and local per-pupil expenditures had not declined in the preceding year. In 1978, Title I was amended to permit districts to calculate state and local expenditures on either an aggregate or per-pupil basis, using whichever result was more favorable to the district. In addition, the U.S. Commissioner of Education was given the authority to waive a district's maintenance of effort requirement for one year because of "exceptional and unforeseen" circumstances (natural disaster, local and abrupt economic downturns). Local tax revolts, however, were specifically excluded from these special circumstances.

Chapter 1 maintained the provision allowing aggregate as well as per-pupil expenditure calculations and further relaxed Title I maintenance of effort standards by allowing districts to reduce by 10 percent their state and local expenditures in a given year. Under Title I, districts were out of compliance if their effort was less than 100 percent of previous year spending. Also, under Title I, districts with reduced state and local spending could lose their entire Title I grants, although in practice this threat was not carried out. Chapter 1 requires districts to pay back only a proportional percentage of their allocations should they fall below the 90 percent maintenance of effort standard.

Finally, Chapter 1 gives SEAs (rather than the Secretary of Education) the authority to waive maintenance of effort requirements for one

fiscal year. The 1983 Amendments specify the exceptional and uncontrollable circumstances under which waivers may be granted.

PREVIOUS RESEARCH

Findings of previous research on whether maintenance of effort was a problem were inconsistent. The AIR Study of State Management Practices (Bessey et al., 1982) found that maintenance of effort was often a problem in the Title I application process, leading to approval delays. AdTech's District Practices Study (1983) reported that local Title I coordinators ranked maintenance of effort as the least necessary and least burdensome of federal requirements.

AdTech also reported that nearly half of the Title I directors supported the 10 percent slippage factor in the Chapter 1 legislation because they expected decreases in state and local funding. Slightly more than one-third of the remaining directors could not predict the effects of the slippage factor on their programs.

Dougherty (1985) found that "compliance has increased now that there is a less strict requirement to comply with." He noted that although 39 state Chapter 1 directors said that all districts in their states were meeting the current maintenance of effort requirement, 21 of these directors said that one or more of their districts would have failed to meet the Title I requirement.

Several state directors in Dougherty's study said that the 10 percent slippage factor saved SEA administrative time. Savings resulted from the fact that almost no districts reduced their total expenditures by more than 10 percent from one year to the next. Thus, SEA staff had to review per-pupil expenditure data from only a few districts.

CURRENT PRACTICES/CHANGES -- STATE LEVEL

Data on maintenance of effort were reported for 16 of the 20 states in the AAI study. Respondents in 11 of the 16 SEAs (i.e., about two thirds) reported that one or more districts in their states had been helped by the inclusion of the 10 percent leeway in the Chapter 1 maintenance-of-effort provision. However, respondents from four SEAs in this group specifically said that only a few of their districts had used the 10 percent slippage

factor. Six SEAs reported that none of their districts were using the 10 percent slippage factor, noting that, for a variety of reasons (inflation, rising costs, state equalization formulas), meeting the maintenance of effort requirement had never been a problem.

Most state coordinators indicated that maintenance of effort was not an issue in their states, as inflation and rising costs were usually matched with increasing state and local (non-federal) resources. But respondents in two SEAs specifically said that the 10 percent slippage factor was an important regulatory change given state and local resource constraints in the 1980s.

Given these findings, it is not surprising that 13 of the 16 SEAs (or about three-fourths) had never granted waivers and had developed no formal criteria for granting waivers. Many of the state Chapter 1 directors said that they considered granting maintenance of effort waivers a "non-issue."

One state Chapter 1 director checked with the Department of Education on criteria before a waiver was approved. In an other waiver-granting state, justifications for failing to meet the 90 percent standard were included in district applications. The state grants waivers based on this information. This process affects two to three districts each year; these districts also received waivers under Title I.

One respondent volunteered the opinion that giving states the authority to grant waivers was an important regulatory change. This state had experienced grave financial problems during the most recent recessions, and SEA staff felt that they understood much more clearly than federal staff the circumstances under which waivers should be granted.

Eighteen states provided information about whether the SEA calculates maintenance of effort for districts. In 14 of these states, the SEA computes maintenance of effort; districts perform this computation in three states; and, in one state, districts are required to calculate maintenance of effort, but computations are checked by the SEA. Virtually all SEAs who calculate maintenance of effort for their districts began the practice under Title I.

INTERGOVERNMENTAL LINKAGES AND LOCAL POLICY

To study intergovernmental linkages and local policy, AAI researchers revisited nine of the 20 states described above as well as three districts in each state. Information on maintenance of effort was obtained from seven of the nine SEAs, four of which reported that the 10 percent slippage factor had been needed by one or more districts.

Given the low incidence of use reported by the SEAs, it is not surprising that only two of the 27 districts visited by AAI researchers reported making use of the 10 percent leeway in the maintenance of effort provision. Both districts were located in a state where a statewide initiative to limit local property taxes had passed at about the same time as the Chapter 1 legislation. The coordinator in one of these districts perceived the change in the maintenance of effort provision as "a real benefit of Chapter 1." He also commented on the change which provided that districts would lose only a proportion of their funds, rather than their entire allocation, if they failed to maintain 90 percent of their previous fiscal effort, saying, "Under Title I, a district would lose eligibility entirely if maintenance of effort was not maintained. It was a Draconian measure. Under Chapter 1 you lose a proportion and that's not so bad."

Only one district reported needing a waiver and that was before Chapter 1. In this case, also, the reduction in local effort resulted from a statewide initiative to limit local property taxes. Since none of the districts had required a waiver since the passage of Chapter 1, the authority of the SEA to grant waivers rather than the Department of Education was not a relevant issue.

PROGRAM DESIGN POLICIES

EVALUATION

FEDERAL FRAMEWORK

Since the inception of Title I, the Congress has consistently expressed its intent that results from evaluations of Title I and Chapter 1 programs be used to assess the effectiveness of and to improve these programs. Users of evaluation were to include parents, local administrators, state program managers, federal program managers, and the Congress. (See Millsap (1985) for a discussion of Congressional intent.)

Other purposes for evaluation of Title I/Chapter 1 have been to identify exemplary practices and, implicitly, to strengthen compliance with other regulations and guidelines. For example, when available information suggested that nonpublic school children did not have equal access to Title I programs, the 1978 Amendments required that evaluations cover the participation of nonpublic school children (Senate Report 95-856, 1978).

The original language on evaluation of Title I was quite general, requiring only that districts use "effective procedures . . . to evaluate." Over time, as the Congress sought valid national data on program effectiveness, this general language was gradually transformed into increasingly specific requirements. Thus, the 1974 Amendments directed the Commissioner of Education to provide SEAs with evaluation "models" for use by states and districts. Models were to include "uniform procedures" and "objective criteria" to produce data "comparable on a statewide and national basis." (U.S.C. 241, P.L. 93-380, Sec. 101, 88, Stat. 499, 500.)

In order to meet this Congressional directive -- aggregating local data to the state level and then state data to the federal level -- the U.S. Office of Education oversaw the development of TIERS (the Title I Evaluation and Reporting System). Research Management Corporation (RMC) developed evaluation models which were designed to provide the achievement data needed for TIERS. Essentially, the RMC models were pre- and post-testing programs

which compared Title I student achievement with a standard (such as a national norm).

The 1974 Amendments required the Commissioner of Education to provide technical assistance on evaluations. Regional Technical Assistance Centers (TACs) were established to provide technical assistance to SEAs and districts as they conducted program evaluations. A special charge to the TACs was providing training and other help on use of the RMC models.

While TIERS, the RMC models, and the Technical Assistance Centers were all responses to 1974 legislation, the reporting system and the models were not ready for implementation until 1978. The 1978 Amendments to Title I and later implementing regulations required that districts and SEAs use the RMC models or an alternative approved by the state and Office of Education to evaluate their Title I programs at least once every three years. SEAs were required to forward data to USOE on the same schedule.

The 1978 Amendments further required districts to evaluate "sustaining gains" which was defined as the objective measurement of Title I students' basic skills achievement over more than a twelve-month period. Also, districts were to examine whether or not the positive effects of Title I programs conducted during the school year were sustained over the summer. Evaluation results were to be used in planning for and improving Title I projects in subsequent years, and information about effective practices and programs was to be disseminated.

The 1981 Chapter 1 legislation retained the requirement that districts conduct evaluations at least once in three years and also kept the sustaining gains provisions (Section 556 (b) (4)), but the RMC models and TIERS were no longer required. SEAs no longer had to report evaluation data to the Department of Education (ED). The TACs continued to receive some funding for technical assistance activities.

The 1983 Amendments to the Chapter 1 legislation restored some of the Title I requirements. SEAs are once again required to collect evaluation data which they are to "make public." SEA evaluations are to occur every two years, rather than one time in three years. Also, the amendments stipulated that states and local districts "consider" the results of their evaluations to improve Chapter 1 programs and projects. Finally, the amendments required

that SEAs collect demographic data on the children served by Chapter 1 programs (ECIA, Sections 555 (e) and 556 (b) (4) as amended).

PREVIOUS RESEARCH

Studies of evaluations conducted prior to 1974 generally found that districts and states attempted to comply with the original evaluation requirements. However, researchers raised serious questions about the quality of the evaluations and about the extent to which these evaluations could influence program design (Wargo et al., 1972; Gamel et al., 1975; McLaughlin, 1975; and Winslow, 1979).

In a review of state practices after the passage of the 1978 Amendments, Bessey et al. (1982) reported that some states were not conducting sustaining gains studies and that many SEAs, although they required TIERS Model A, felt TIERS was not useful at the local level.

Reisner et al. (1982) found that, by 1979, 57 percent of districts nationwide had adopted the RMC evaluation models. That study further noted that states ". . . were resistant to the models . . . and were cautious about adopting them." Reisner et al. concluded that compliance with TIERS was achieved through the threat of the loss of Title I funds and the provision of technical assistance (by the TACs) which adapted required evaluation practices to local needs.

District conduct of Title I evaluation and use of the results was highly contingent on district size. Boruch and Cordray (1980) report that many (about 85 percent) of large districts performed supplemental work in addition to testing, but small districts were likely to limit evaluation activities to meeting minimal compliance requirements. Often, in small districts (enrollment of 2,500 or less), evaluation was conducted by the Title I coordinator and teachers and the school principal, using locally designed methods and procedures which were preferred to the RMC models.

In the District Practices Study (AdTech, 1983), nearly 40 percent of surveyed directors said they used evaluation results to make decisions about changes in Title I services to different grade levels, Title I subjects, Title I staffing, Title I curriculum, or some combination of these topics. This use of evaluation results was again related to district size -- about half of the

large districts (over 9,999 students) indicated that evaluation results helped in these decisions while just over a third of the small districts (less than 2,500 students) gave this answer.

In the District Practices Study, local directors were asked to rank ten Title I regulatory provisions with regard to administrative burden and to maintaining the essence of Title I. Evaluation was ranked as the second most burdensome activity (behind parent involvement) and the second most necessary activity (behind ranking/selecting students) (AdTech, 1983). Keesling (1985) noted: "Although evaluations were not utilized in a majority of the districts to make specific programmatic decisions, there was a widespread acceptance of evaluation as a necessary ingredient of Title I."

During the first year after passage of Chapter 1 legislation, ED received evaluation data from 42 of the 50 states. Of the 42 states reporting, 36 reported data based on one of the RMC models (Personal communication, Judith Anderson, U.S. Department of Education).

In a recent study of state and local response to Chapter 1, McLaughlin (1985) found that local evaluation practices remained much the same as they had been under Title I. McLaughlin concluded that testing had been institutionalized over the years largely because state Title I/Chapter 1 staffs continued to include evaluation specialists. These staff have not only built state and local competencies in evaluation activities but they have also created and fostered belief in the necessity of evaluation.

McLaughlin further reported that, in rural districts, with minimal numbers of administrative staff and limited technical expertise, evaluation was only marginally accepted and was never integrated into the ongoing activities of Title I/Chapter 1. Rural administrators generally viewed evaluation as a compliance exercise that satisfied federal and state requirements and that demonstrated the legitimacy of Chapter 1 to local officials and parents. Directors and staff in urban districts, where there is more technical capacity, tended to see testing as an important management tool.

Dougherty's (1985) survey of state directors showed that most districts continued to use TIERS and the RMC norm-referenced model, Model A. Thirty-eight states reported that all of their districts continued to use

Model A; two more states indicated that all of their districts used Model A except in evaluating preschool programs.

Dougherty's respondents said ". . . Model A is popular because it is the simplest evaluation design . . . and requires the least expertise . . ." Again, district size was a factor. In large districts with specialized evaluation staff, other models were used.

State directors told Dougherty that their ". . . most difficult problem . . . " was ". . . producing valid results, and recognizing when results are not valid." A number of directors noted that TACs have provided much help on this issue.

CURRENT PRACTICES/CHANGES -- STATE-LEVEL

The AAI study replicated many of the findings reported by McLaughlin and Dougherty. In 19 of the 20 states, the SEAs reported that with few exceptions all of their districts use TIERS Model A. The remaining state had developed its own evaluation system which closely resembles the TIERS structure. Of the 19 states where Model A is the model of choice, eight of these SEAs required their districts to use Model A, and six strongly suggested or encouraged its use.

In the AAI sample, 12 of the 20 states continued to require their districts to submit data annually; two more states suggested that districts prepare annual submissions. One state moved to an every-other-year submission while five established revolving three-year submission schedules.

All 20 states provided their districts with some technical assistance. This assistance comes in a variety of forms including workshops, booklets, data entry/processing, interpretation of results, and individual district counseling/advice. One-half of the AAI states reported that TACs participated in providing technical assistance on evaluation.

SEA-level use of evaluation data/results continued to be limited. Ten of the states said that evaluation data were used to "assess gains," while four states reported using these data to identify districts with "problems" and to focus technical assistance to these districts. One SEA which currently uses evaluation data only to assess gains was completing development of a state-level data base and methodology which will allow myriad uses of

evaluation data. Three states had highly sophisticated staffs who analyze and manipulate district data to produce a variety of studies/reports for SEA use, district guidance, and publication. Finally, two states did not indicate any specific uses of evaluation data.

State Chapter 1 directors/staffs exhibited limited knowledge of district application of evaluation data and results. Staff in one state said they thought that their districts were trying to use evaluation data/results for program planning because the SEA received ". . . frequent inquiries about using data . . ." Seven states reported that their districts applied evaluation data/analyses in program planning and design; four of these seven states required districts to indicate on their applications planned uses for these data.

Twelve of the states required their districts to either submit or maintain in district offices information on sustained effects (sustaining gains). One state "strongly suggested" that its districts follow this procedure. Three SEAs reported that state-level Chapter 1 staff, using local data, prepared sustained effects studies/reports. In three more states Chapter 1 directors said sustained effects studies were required/occurring but offered no evidence to indicate responsible entities or required procedures. One state did not require districts to track sustained effects.

Seven states instituted quality control procedures to check the validity and reliability of district evaluation data. One of these seven states performs error analyses on local data while a second has a series of sophisticated data review and cleaning procedures. A third state had retained procedures established under Title I. One state had canned computer programs for this task, and three SEAs simply indicated that state staff "review" local evaluation data.

Chapter 1 directors and staffs in all 20 states said they thought there had been little or no change in evaluation practices since the passage of Chapter 1. A number of state directors listed the collection of demographic data as a change; several states noted their districts were moving to spring-to-spring testing; a number of SEAs said additional automated system capacity, which was unrelated to Chapter 1, was the most important change in the area of evaluation. Ten of the 20 states, however, had fewer evaluation specialists on staff because of the funding cutbacks. In fact, two of these

ten SEAs had no evaluation staff as a result of the decrease in set-aside funds. Four of the ten states emphasized staff cuts as a change since the passage of Chapter 1 legislation.

INTERGOVERNMENTAL LINKAGES AND LOCAL POLICY

To study intergovernmental linkages and district policy, AAI researchers revisited nine of the 20 states described above as well as three districts in each state. States were then grouped into "traditional states" -- those six states whose SEA Chapter 1 programs had continued a strong compliance focus and Title I orientation -- and "changing states" --those three states whose SEA Chapter 1 programs had taken on somewhat new direction. (See Volume I, Chapters 3 and 4, for a fuller discussion of changing and traditional states.) State and local policy on evaluation in traditional and changing states, as well as state influence on local policy is described below.

State Policies

Within the nine states studied intensively, very little change in state policies toward evaluation occurred. Four of the nine (including all three changing states) require the RMC Model A, while the other five strongly recommend it. Only two traditional states no longer require districts to report annually, yet districts in these states continue their annual submissions.

Differences between the traditional and changing states occur with shifts in SEA staffing for evaluation. Only one traditional state still has a full-time evaluator on the state Chapter 1 staff, whereas all three changing states retained at least one full-time evaluation position. This is a shift for traditional states since Chapter 1: all but one had at least one full-time evaluator under Title I. The traditional states have either merged evaluation responsibilities with compliance monitoring or have no expertise at the state level, relying instead on occasional TAC support or expertise in the largest school districts.

Traditional and changing states also vary somewhat in their views toward sustained gains studies. The three changing states require such studies, and one of them is beginning this year to request district data for a

state data base. Three of the six traditional states require sustained gains studies every three years, though one sees them solely as a formality. One other traditional state is now asking districts to do sustained gains studies; another recommends but does not require them; and the last does not require them since the state director sees no value in them.

The changing states, for the most part, provide more assistance on evaluation to districts than do the traditional states, especially assistance for tying evaluation data into program improvement. One of the changing states has a highly sophisticated evaluation staff who provide 40 workshops a year, linking evaluation with curriculum areas. Another analyzes raw scores for districts upon request (about 30 percent of the districts submit data for analysis), prepares annual reports on the effectiveness of various program approaches, is compiling a state longitudinal Chapter 1 data base, and checks the validity of district work. The third provides technical assistance encouraging evaluation use, but little information is yet available on its effectiveness. The traditional states, on the other hand, provide assistance primarily on evaluation procedures and reporting requirements, although the state with a full-time evaluator provides some technical assistance on sustained gains studies. One predominantly rural state analyzes raw scores at grade level within schools for its districts and prepares a district-by-district state report; another state has conducted a few regional workshops encouraging local evaluation use. In general, changing states have more evaluation staff and in-house expertise and link evaluation more closely with program improvement.

A number of factors seem to influence state activities in Chapter 1 evaluation. For traditional states, the main factor influencing evaluation policies appears to be institutionalization: the procedures are already in place, and state and district staff are well versed in what is required. State testing programs in several of the states reinforce the maintenance of Chapter 1 evaluation procedures. Wariness of federal motives also appeared as a factor in several states, either because the history of changing federal requirements induced hesitation or because of fears that further budget cuts would ensue if no evaluation data were available for Congress. The one traditional state with a full-time evaluator stated that staff expertise

enabled them to give districts more help and to be more vigilant toward district practices.

Institutionalization appears to be a factor influencing evaluation policy in changing states, but not as the most important factor. For two states, the high quality of the SEA testing and evaluation staff and the strong state commitment to evaluation appear more important, while the third state, which has a history of local involvement in state policymaking, appears most influenced by districts' desire to retain evaluation procedures. In the changing state that consolidated all supplemental programs, a new state law requiring annual evaluation of state compensatory education and state improvement programs is applied to Chapter 1 programs as well. Changes in Chapter 1 evaluation requirements had little impact in this state.

District Responses

Visits to school districts within the nine states confirmed that districts have maintained the Title I evaluation reporting requirements. All 27 districts test Chapter 1 students annually using Model A1 and transmit scores to the state Chapter 1 office. Sustained gains studies have been carried out in all but one large district, although one district has done no analysis since 1979. The one large district not doing sustained gains studies was told "not to worry about it" by the state Chapter 1 office. About two-thirds of the medium and small districts do sustained gains studies. The smaller districts were somewhat less likely to do so if not required to, and if the district Chapter 1 director had little evaluation expertise.

The main change in evaluation since Chapter 1 has occurred in large districts, where six of the eight have experienced staff shifts. Five have had reductions in staff, while the sixth had an increase (resulting from a court-ordered desegregation mandate to raise test scores). The five with reductions are all in the six traditional states, but it is unclear whether state policy influenced the cuts. The cuts are reducing the time evaluators spend in schools and their ability to respond to school requests for analysis. One district appears to be offsetting the reductions through newly purchased computer equipment, while another is using more sophisticated but less labor intensive procedures.

Only five districts of the 27 have changed their tests or testing schedules since Chapter 1 was passed. Three have changed their testing schedule at state urging -- two districts in a changing state went to spring/spring testing and one district in a traditional state went from spring/spring back to fall/spring testing. A fourth district changed to spring/spring testing through school district pressure. One district adopted the state mandated test to reduce the testing burden on students.

Because districts for the most part maintain Title I evaluation practices, the evaluation burden on districts did not change with Chapter 1 except in districts that changed their testing cycles. The districts going to spring/spring testing have a slightly reduced burden while the district returning to fall/spring testing has an increased burden. One district mentioned an increased burden from collecting age, sex, and race data on Chapter 1 students.

The Title I evaluation requirements led to the development of certain core evaluation activities in districts -- the RMC models and the TIERS reporting system, supplemented with technical assistance from the TACs. These continue as Chapter 1 evaluation activities. The influence of federal factors then dominated in creating the system, but are less important now. Federal factors influence continued operation primary through the regional Technical Assistance Center (TACs).

State influence in evaluation appears marginal, beyond transmitting federal Title I intent. States can mandate a particular test or testing schedule (although testing schedules are usually coordinated with district schedules), but play little role in whether districts use evaluation for program purposes. This was true across both traditional and changing states. Although two of the three changing states have active and sophisticated evaluation offices, the districts visited conducted and used no more evaluations than districts in the traditional states. In fact, the only reported state influence (beyond minimal requirements) was in the one traditional state that feels strongly committed to evaluation (and maintains a full-time evaluator). It may be too soon to assess whether the strong state capacity in evaluation will affect districts in the changing states, since these states have only recently compiled and released information on effective practices.

Whether districts do more than pre- and post-testing of students or use evaluation information for program purposes depends on local factors: district size, the presence of highly skilled evaluation staff, and either district or Chapter 1 interest in and commitment to evaluation.

All but one of the large districts are sophisticated about evaluation, do considerably more than the state requires, and use evaluation information in program decisions. The medium and small districts are less likely to use the summative Model A information or to undertake additional work, especially if they do not have evaluation staff in the district. About one-third of these 19 districts use evaluation information to guide their program, usually in diagnosing individual student needs or in revising the program design based on longitudinal studies of student progress.

Across all districts, the additional evaluation activities undertaken through Chapter 1 include effectiveness studies of particular program types (e.g., pullout vs. in-class) and time-on-task studies, as well as supplemental analyses such as longitudinal studies of student progress and subtest and item analysis for curriculum planning and student diagnosis.

The most common uses of evaluation information are for program design decisions (e.g., keeping more expensive programs that have higher gains, shifting instuctional time based on teacher time-on-task studies, or simply "knowing where the program stands"); individual student diagnosis and prescription (e.g., analyzing longitudinal student data to see whether test scores have been consistently low, or whether a sudden drop in test scores indicates another problem); and general feedback to parents, teachers, and school boards. In addition three of the large districts (and none of the medium or small districts) mentioned that demonstrating gains reinforced the Chapter 1 Director's authority and helped prevent district officials from interfering with the program. "We can do as we want," said one Chapter 1 teacher, "as long as we continue to show good gains." Although the sample is small, this political use of evaluation was more likely to be found in the large than in the smaller districts.

PARENT INVOLVEMENT

FEDERAL FRAMEWORK

There are substantial differences between Title I and Chapter 1 legislative requirements on parent participation.

Mandated parental involvement was a cornerstone of the original Title I legislation, and from 1965 through 1978 the requirements became increasingly specific. The 1965 legislation required that parents be involved in developing district applications for programs. In 1968, "maximum practical involvement" in all phases of Title I was required, and in 1971 districts were required to provide parents with documents on planning, operating and evaluating projects.

Title I quite clearly specified the mechanism for parental participation -- the parent advisory council (PAC). In 1968, district-level councils were recommended; in 1970, they were mandated. In 1971, school-level councils were encouraged; in 1974, school PACs also were mandated. The various amendments to Title I included specific instructions on PACs covering such issues as composition, term in office, voting rights of non-member parents, and other similar topics.

The 1978 Title I legislation contained membership requirements, election procedures and minimum size of advisory councils. It also eliminated the school-level PAC requirement if the school had fewer than 40 Title I students and no more than one full-time staff member paid out of Title I funds. Attempting to clarify the role of the advisory council, the 1978 Amendments also codified earlier regulations that PACs should advise districts on ". . . planning for, and implementation and evaluation of, its programs and projects assisted under this title." In addition, each district was required to provide training on these responsibilities for all council members.

In contrast, ECIA Chapter 1 lacked specificity in its parent involvement requirement, mandating only that Chapter 1 programs be ". . . designed and implemented in consultation with parents . . ." (Section 556 (b) (3)). Suggestions in the Nonregulatory Guidance for meeting this requirement included providing parents with copies of applications or evaluation data, scheduling open meetings, and employing staff parent coordinators; but specific methods for complying with this requirement were not prescribed. The 1983 Chapter 1 Technical Amendments required districts to convene annual public meetings for parents and to provide "reasonable support" for other activities parents may request (ECIA, Section 556 (e) as amended).

PREVIOUS RESEARCH

Parent involvement in Title I/Chapter 1 has a troubled history. An analysis of compliance reviews (Winslow, 1979) indicated that, between 1970 and 1973, nearly half of the states reviewed had problems establishing or implementing PACs. The requirements were made more precise during 1974-1976, but problems with establishing or operating advisory councils continued in about half of the states.

A study of parental involvement in federal programs (Keesling, 1980; Melargno, Lyons and Sparks, 1981) showed a high degree of compliance concerning the formation of district-level councils -- nearly 100 percent of the surveyed districts had such councils. In 95 percent of these districts, parents of served children constituted the majority of voting members. There was less compliance at the school level. A majority of school-level councils were smaller than prescribed, and in 10 percent of the schools, the parents of Title I children were not the majority of the voting membership. These results were confirmed by the District Practices Study (AdTech, 1983).

NIE's 1978 report on its Compensatory Education Study found considerable confusion among advisory council members about the role to be played by parents, as well as a variety of beliefs about parent involvement at the federal level. Three possible PAC roles were articulated in the report: (1) providing support for Title I activities/staff; (2) teaching parenting skills; and (3) involving parents in Title I management through planning, needs assessment, and evaluation/monitoring activities. Just over half of the councils surveyed had not been involved in planning meetings. The report

concluded that ". . . a clear policy [on PACs] had not emerged." The report further noted that advisory councils could be ". . . decisionmakers, advisors, instructional participants, concerned parents, or community liaison personnel." Further, there was growing concern about the utility of school councils. The Council of Chief State School Officers, for example, reported that school PACs "divert considerable time and funds from instruction," in its 1977 testimony to the House Subcommittee an Elementary, Secondary and Vocational Education.

Parental involvement in Title I was far more often advisory than decision making. A study of parental involvement in federal program (Keesling, 1980; Melargno, Lyons and Sparks, 1981) found low levels of decision-making responsibility for most Title I councils -- 30 percent of councils in the study had exclusive or shared responsibility for evaluation or the project application, and 20 percent exercised authority over budgets. The AdTech District Practices Study (1983) supported a limited role of parents in decision making. With regard to parental opposition to changes in curricula or grades-to-be served, for example, AdTech reported that most Chapter 1 directors did not consider parental opposition an important barrier.

Parents were more likely to be involved in providing input in evaluation and needs assessment, especially in the large districts. In the District Practices Study, AdTech (1983) found that parent advisory councils in smaller districts had limited involvement in planning and evaluation, but councils in medium-sized and large districts were much more heavily involved in these activities.

Another area of concern under Title I had been SEA and district training for members of parent advisory councils. The 1978 NIE study found that only 29 percent of the districts surveyed offered training sessions to their advisory councils. NIE concluded that, generally, school officials had not found "effective ways" to provide technical assistance to parent members of advisory councils. Keesling (1985) reported that a reanalysis of those data suggested that more than 80 percent of the largest districts (10,000 plus enrollment) provided training sessions while only 20 percent of districts with enrollments below 2,500 provided such training. Keesling (1985) speculated that larger districts had the resources to provide such training and might

have been motivated to do so by the presence of one or more community groups interested in gaining access to the decision-making process.

AdTech (1983) reported that parental involvement was ranked as the most burdensome aspect of mandated Title I activities. On average, Title I directors/coordinators estimated that they spent 10 percent of their time administering parent involvement under Title I.

AdTech's survey of 100 districts was conducted shortly after Chapter 1 legislation was approved by Congress. About 20 percent of district officials in small and medium-sized districts expected district-level and school-level councils to disappear. Only 5 percent in large districts anticipated this outcome. Further, 20 percent of the directors in small districts, 32 percent in medium-sized districts, and 45 percent in large districts expected district-level PACs to persist but thought that the number of school-level PACs would be substantially reduced or eliminated. About 20 percent of all Title I directors expected both types of councils to continue as they were. The directors indicated that the main reasons for their predictions were the burdensome Title I membership and election requirements. Keesling (1985) also concluded that in most instances PACs were not sufficiently institutionalized to persist after the implementation of the Chapter 1 program.

In a followup survey of state Chapter 1 coordinators, Gentry (1983) found that state administrators believed that, since the passage of Chapter 1, there was less advisory council involvement in local districts. Keesling (1985) reviewed this survey, suggesting that local advisory groups were more likely to be institutionalized and persist when districts had found specific roles for PACs; when PACs signed off on district applications; when PACs monitored programs; or when states encouraged maintenance of parent advisory councils.

More recent research indicates less state investment in parent involvement. McLaughlin et al. (1985) found that, as expected, parent involvement was rarely institutionalized at the state level. States attempted to meet the federal requirements but did not relate parent involvement to their general educational efforts. Thus, with the deletion of the federal requirement and in the absence of technical capacity for and professional acceptance of the value of parent councils, states generally reduced or

eliminated their support of PACs. There are a few exceptions, i.e., states which vigorously support categorical programming; states with strong histories of direct citizen involvement in government (referendum states, for example); or states with active special interest groups.

McLaughlin et al. (1985) found that many districts had retained formal parent advisory councils. Not surprisingly, this retention of PACs was tied to local political realities. Many rural districts eliminated PACs, stating that Chapter 1 parents were not interested in participating in formal governance structures or were deferential to school authority figures which precluded substantive discussion. However, McLaughlin et al. (1985) report that a large number of urban districts retained formal parent advisory councils. These districts, of course, generally had sizeable Chapter 1 enrollments. In many of these districts, councils had been established prior to 1970 in response to community group demands for a voice in the decision-making process. In these communities, PACs served as effective structures for channeling the voices of protest. In other urban districts, PACs were established as proactive measures designed to head off potential conflict and are still viewed as serving that purpose.

In districts that retained PACs in the absence of federal (or state) mandate, their continuation was driven by local political realities. The elimination of federal requirements did not eliminate the political imperatives, so, while there are fewer staff assigned to parent involvement and although parent selection methods have changed, all but one urban district studied by McLaughlin et al. (1985) continued to involve parents in formal council structures.

Dougherty's (1985) findings were similar to the McLaughlin study. Three states continued to require PACs. About half of the states reported that at least half of their districts had retained PACs, while half of the states thought that most of their districts had eliminated PACs. Just about 25 percent of the states reporting had actual counts of PACs.

Dougherty further reported that district-level PACs were more common than school-level PACs, and small, rural districts were more likely to drop the councils than were larger, urban districts. Forty-six of the 47 states surveyed said that at least a majority of their five largest districts had retained parent advisory councils.

Some 30 states contacted by Dougherty (1985) said they favored the reinstatement of a federal requirement that districts maintain district-level PACs. Chapter 1 directors favoring this reinstatement suggested that small, rural districts (fewer than 1,000 students) be exempted from the PAC requirement. Opponents of a PAC requirement emphasized local autonomy with regard to parent involvement and said that PACs led to political activities unrelated to the education of children. Proponents suggested that such political activity is "healthy" at the local level and could lead to organized political support for Chapter 1 at the national level.

CURRENT PRACTICES/CHANGES -- STATE LEVEL

As expected, AAI researchers found considerable change in the area of parent involvement. Half (10) of the states in the AAI study said that the area of parent involvement exhibited the most change between Title I and Chapter 1 of any of the practices and policies covered by the study. The obvious change, of course, was that SEAs no longer have to monitor, sponsor, encourage, or fund parent advisory councils. In the AAI sample, only three of the 20 states continued to require PACs: one state required district-level PACs if the district received state compensatory education monies and school-level PACs if the school received state compensatory education funding; and two states required all districts to maintain district-level PACs.

Two of these three states continued to maintain and fund regional parent councils, and one of the regional council states retained a statewide parent council. Five states which have not formally maintained district-level PACs chose to maintain statewide parent advisory councils.

As might be expected from the McLaughlin and Dougherty studies, the 17 states not requiring local PACs reported that at least some of their districts had retained district-level PACs. None of the SEAs indicated maintenance of formal counts of existing district-level PACs.

As noted above, only one of the 20 AAI-sampled states required school-level PACs. Twelve of the SEAs in the sample indicated that some of their districts had retained school-level parent advisory councils. Again, none of these states maintained formal counts of such organizations. Five of these 12 state directors said that school-level councils had been maintained in larger local districts. At almost every SEA, at least one staff person

noted that PACs were more likely to disappear in rural districts where there is a limited tradition of this type of community organization and where PACs had been largely unsuccessful in the past. One SEA director suggested that "quality of the staff working with parent groups" was the best indicator of whether or not a local parent council continued when the district/school was no longer required to maintain one. Several respondents noted that in districts/schools where PACs had been successful under Title I, these organizations continued to be strong under Chapter 1.

In seven of the states, Chapter 1 directors and or/staff expressed their "relief" at the elimination of the PAC requirement. As AdTech found in 1983, Chapter 1 state directors reported that the Title I parent involvement requirements had been particularly burdensome (for states and districts). In the AAI sample, three state directors especially mentioned the PAC membership and election requirements as cumbersome and difficult to implement. Staff in one state felt that the politics of the PACs had interfered with the educational process, while, in another state, the director pointed out that relying on volunteers for PAC membership was "distinctly better" than the process mandated under Title I. Directors and/or staff in five states specifically stated that they considered parent involvement under Chapter 1 to be "better," "more honest," or "more effective (with more participants)" than parent involvement under Title I where "we had to do it and do it in a certain way." The AAI study did not confirm Dougherty's findings (1985) of widespread support for a reinstatement of PAC requirements.

AAI researchers found that, under Chapter 1, SEAs required districts to hold one parent meeting each year. Information was to be made available to parents, but the form and content were usually left to the discretion of the districts. About half of the states in the AAI study required districts to describe parent involvement activities in their applications. Four states also required PAC or parent representative signoffs on their Chapter 1 applications.

Most SEA staff could not provide viable estimates of time devoted to parent involvement under Chapter 1 -- estimates ranged from one fulltime staff person to zero staff time. The answer which occurred most often was that all staff spent "some time" consulting with their districts on ways to involve parents in the Chapter 1 program.

Across the board, Chapter 1 directors and their staffs expressed sentiments of strong commitment to involving parents in public education in general and in Chapter 1 in particular. One SEA offered a "formal" philosophy that "parents should be partners in their children's education." A number of state Chapter 1 staff in a variety of states viewed parent involvement as an important "motivator" for students. Three state directors quite straightforwardly said they view parent organizations as important political allies who can lobby the Congress to maintain the Chapter 1 program.

INTERGOVERNMENTAL LINKAGES AND LOCAL POLICY

To study intergovernmental linkages and district policy, AAI researchers revisited nine of the 20 states described above as well as three districts in each state. States were then grouped into "traditional states" -- those six whose SEA Chapter 1 programs had continued a strong compliance focus and Title I orientation -- and "changing states" -- those three whose SEA Chapter 1 programs had taken on somewhat new direction. (See Volume I, Chapters 3 and 4.) State and local parent involvement policies in traditional and changing states, as well as state influence on local policy is described below.

States responded to the change in parent involvement requirements in one of three ways: requiring district PACs; requiring the minimal annual open meeting; or requiring an open meeting while also recommending various parent involvement activities. These patterns were found in both traditional and changing states. Whether districts did more than the minimum in a given state depended on local factors that were usually associated with size: a history of parent involvement in schools or community politics, and the interest and commitment of local Chapter 1 staff and teachers.

State Policies

Three states -- two traditional and one changing -- require district PACs or an acceptable alternative. The two traditional states require Chapter 1 PACs. The changing state requires PACs if districts and schools receive state compensatory education funds, although PACs are not restricted to Chapter 1 parents. Requirements specific to Chapter 1 are an annual meeting and review of plans and expenditures. Two of these states have had a long-

term interest in parent involvement in schools, although one now exerts less pressure on districts where parent involvement has been a problem because of the reduced requirements. The third state has a history of active civil rights enforcement and a Chapter 1 director and staff strongly in favor of parent involvement.

Four states -- three traditional and one changing -- require only an annual meeting, and cited district difficulties in complying with Title I requirements as the main rationale for relaxing requirements. Two are predominantly rural with scattered small districts, while in another the SEA has traditionally had little interest in parent involvement.

The remaining two states -- one traditional and one changing -- require an open meeting annual while also recommending various activities. The traditional state Chapter 1 program here that distributes literature on model programs and suggests parent involvement activities is housed in an SEA active in early childhood education. While the Title I PAC requirements were seen by the SEA as interference in school districts, the Chapter 1 office is strongly committed to encouraging parent involvement as a sound educational approach. The changing state in this group stresses parent involvement in its policy handbook and strongly encourages PACs, parent involvement with children's educational plans, and parent volunteers in schools. The state Chapter 1 staff are strongly committed to parent involvement but lack the political power vis-a-vis school districts to augment federal rules. Curiously, all three districts visited in this state hold two parent/Chapter 1 teacher conferences each year because, they say, the state requires them.

District Responses

All districts visited do at least the minimum required for compliance. All hold at least one annual meeting, and in the states requiring PACs (or an alternative), districts have organized PACs. The nature and level of parent involvement in school districts appears much less influenced by state characteristics than by local factors. Large districts, for example, generally have large active district PACs. Six large districts -- four in traditional and two in changing states -- have some quite active school PACs. Two PACs focus primarily on district budget issues and lobbying for Chapter 1 support; five others combine political advocacy with parent

involvement in school and child activities; and one (in a state requiring a district PAC) concentrates on parents working with children in individual schools, the district PAC playing a largely symbolic role. Curiously, two of the large districts with active PACs claimed that the SEA required the PAC, although the SEA staff said that only annual meetings were required.

District PACs appear to be most active in large urban school systems and in districts with a history of community involvement in education. The political involvement of community members has carried over into Chapter 1, and several of the large city PACs have political success stories as allies of the Chapter 1 program. In one case, the PAC brought in the local Congressman to resolve a dispute between the district and the SEA. In another, the PAC chair and a contingent of parents went before the school board protesting a city proposal to raise from 5 to 15 percent the indirect cost rate charged to the Chapter 1 project. After statistics were presented on the numbers of children who would no longer receive services, the proposed raise was withdrawn. District PACs focus little on program design and implementation.

The medium-sized districts generally have less active district PACs and concentrate their activities within schools. A third are quite actively involved with parent/teacher consultations, volunter programs for parents in the school, reading fairs, family/child reading nights, and speakers programs. The others have more modest school based activity, usually presenting Chapter 1 information at PTA or PTO meetings. Recent popular attention to improving schools was cited as influencing the increase in school based parent activities.

Small districts have very little parent involvement activity whether through PACs or through other parent involvement efforts. None has retained school PACs. Three of the 10 small districts have district PACs; one is fairly active but two serve largely symbolic functions and exist because the state requires them. One small district had more active parent involvement when the Title I parent coordinator was an experienced teacher. On the SEA monitor's recommendation, the position was downgraded to a part-time paraprofessional, and parent activities dropped off. With this exception, the small districts experienced little real change from Title I to Chapter 1. Parent involvement had never been active in these districts.

Parent involvement seems highly dependent upon a history of parent involvement in schools (or in community politics) and the interest and commitment of local Chapter 1 staff and teachers. The large districts are more likely to have politically active PACs serving as Chapter 1 program advocates while activity in medium-sized districts appears more school focused. Small districts in our sample generally report little parent involvement activity. State and federal policies appear to serve as an enabling mechanism in those districts where some interest and commitment exist. Several state and district Chapter 1 staff as well as PAC chairs stated that the changed requirements for parent involvement weakened the legitimacy of their activity. Changes in the law, they contend, led to cuts in staff and to reduced budgets; parent activities in some districts had their funds halved. Several districts reported that paid parent coordinators or liaisons were needed to foster parent involvement. They also said that they now had less political clout in working with reluctant principals. They urged stronger language in the law to support parent involvement, especially in school related activities. They did not urge a reversion to school-level PACs or election of parents to councils.

SIZE, SCOPE, AND QUALITY

FEDERAL FRAMEWORK

Under both Title I and Chapter 1, a program design is acceptable if it is of sufficient size, scope, and quality to give reasonable promise of success in reaching its objectives (ECIA, Section 556 (b)(3)).

In related requirements, Title I established a minimum expenditure of $2,500 per district, which the SEA could waive. The 1978 Amendments added a "number and needs" requirement that funds be allocated according to "the number and needs" of the children to be served." The minimum expenditure and "number and needs" requirements did not appear in Chapter 1.

The Department of Education's Nonregulatory Guidance to SEAs about size, scope, and quality stated that the determination of its acceptability "may be based, in part, on the district's assessment of the needs of children in its project areas . . . and the SEA's standards for effective use of Chapter 1 funds" to meet those needs.

PREVIOUS RESEARCH

Keesling's summary of prior research (1985) indicated that size, scope, and quality requirements did not lead to the concentration of services under Title I that Congress seemed to have intended. Rather than designing programs suited to local needs and supplying them to as many students as the budget would permit, most districts seemed "intent on spreading funds as broadly as possible, and implementing whatever program seems plausible within the resulting budgetary contraints."

Keesling (1985) also interviewed local Chapter 1 coordinators and found that this practice was not expected to change under Chapter 1. States and districts defined their own levels of concentration of funds. Pressure existed at the district level to serve all eligible schools and all eligible

students, and the federal legal framework permitted wide district latitude on these matters. There was wide variation in how eligibility was interpreted on the local level. Keesling also speculated that reductions in state and local funds for regular education programs might increase pressure to diffuse Chapter 1 funds. Bessey et al. (1982) found that state directors were unsure what the size, scope, and quality provision meant and less sure what information they needed to collect on applications from districts.

PRACTICES AND CHANGES -- STATE LEVEL

AAI researchers found that the majority of states (11 of 17 states reporting) either set some minimum standards or suggested "rules of thumb" for districts on size, scope, and quality. Quantitative standards were set or suggested, for example, for pupil-teacher ratios or group sizes (at least eight states), amount of instructional time (minutes/day/week) (at least six states), and per-pupil expenditures (at least four states). A few states noted that they also addressed the size, scope, and quality issue by setting student eligibility cutoffs. Four states set minimum curriculum areas for Chapter 1 projects.

State guidance related to size, scope, and quality was virtually always informal. States seemed to view their role in relation to size, scope, and quality, more as one of assisting districts to develop reasonable programs than enforcing strict standards. Nevertheless, researchers did find evidence of applications not being approved due to failure to meet state standards. Monitors also cited districts for class sizes considered to be too large or instructional periods that were considered either too short or too long. For more information on concentration of services, see also Chapter 4 in Volume I and the discussions of school and student eligibility in this volume.

States that issued written guidance to districts on quantitative standards often included general statements about program quality, and incorporated them into monitoring checklists. They might include, for example, that the Chapter 1 program be well coordinated with the regular classroom program, that Chapter 1 instructional staff receive appropriate in-service training, that instruction be individualized, or that classroom space and supplies be adequate. A few states incorporated recommendations from school effectiveness research and programs developed through the Secretary's

Initiative into general guidance. This guidance was usually vague and appeared to be intended largely to promote discussion between SEA and district staff about the quality of program management and instruction.

NEEDS ASSESSMENT

FEDERAL FRAMEWORK

Both Title I and Chapter 1 required needs assessments to identify educationally deprived children in all eligible attendance areas; to select children in greatest need; and to determine selected children's needs with sufficient specificity to ensure concentration on those needs.

Initially, Chapter 1 (Section 556 (b) (2)) stated that a needs assessment should "permit" selection of students in greatest need, while Title I "required" the selection of children in greatest need. The 1983 Technical Amendments changed this so-called "permits provision" such that Chapter 1 now ". . . requires, among the educationally deprived children selected, the inclusion of those children who have the greatest need."

Title I regulations defined students in "greatest need" as those children furthest behind in performance. This definition was omitted from Chapter 1 to allow districts to define "greatest need."

PREVIOUS RESEARCH

Bessey et al. (1982) reported that needs assessment was frequently identified as a major problem in Title I applications for which approval was withheld. Further, Title I coordinators labeled needs assessment as a difficult subject for technical assistance. In the District Practices Study, 16 percent of the surveyed districts reported state objections to program plans for possible violations of state or federal regulations. Of this group, 23 percent reported problems with needs assessment (AdTech, 1983). A recurring problem was lack of necessary documentation.

With regard to student selection under the "permits" provision, AdTech (1983) reported that directors in 50 percent of the districts surveyed said they would have chosen to serve other students. About 80 percent of

these district directors indicated that they would serve the students whom they thought would most benefit from Title I/Chapter 1 services.

In a review of several studies of Title I, Keesling (1985) noted that, under Title I, services were often provided to students not in greatest need. Selection seemed to follow prevalent values and needs of particular schools. Multiple measures (e.g., a single index score) to assess need were not systematically used; and the application of subjective measures (e.g., teacher recommendations) meant that Title I programs included some students with above-average test scores. (See "Targeting: Student Eligibility/Selection" for more details.)

In Keesling's study (1985), some districts questioned whether "greatest need" ought to be defined in terms of low performance or in terms of students who would be most likely to show achievement gains from the Chapter 1 program. Directors asked: Why should Chapter 1 retain students who will make no progress?

CURRENT PRACTICES AND CHANGES -- STATE-LEVEL

It appears from the information reported by state Chapter 1 directors and their staffs that most SEAs in the AAI study did not strongly distinguish between student selection and needs assessment. In fact, one state Chapter 1 director labeled district lack of distinction between student selection and needs assessment as one of Chapter 1's "biggest problems." However, this director also admitted that state-level staff did not separate these activities. Another state director referred to the distinction between student selection and needs assessment as "ceremonial."

Six of the 18 states reporting data on needs assessment had established specific requirements for their districts to apply with regard to identifying students and/or instructional areas when conducting needs assessments. The other 12 states encouraged their districts to follow state-specified guidelines, provided examples of "appropriate" procedures, or inserted explanatory chapters on needs assessment into their Chapter 1 handbooks.

Only four states volunteered information about technical assistance on the topic of needs assessment. Two, with help from their TACs, had

conducted workshops; two other states offered technical assistance to districts on a district-by-district basis.

The 18 states reported little or no change in the area of needs assessment since the passage of Chapter 1. As with a number of other topics, the major change involved SEA acceptance of district assurances (with local applications) that needs assessments had been conducted and that documentation was on file in district offices. Six states no longer required districts to submit documentation with their applications. Eleven states continued to require that districts submit documentation on needs assessment with their applications and to maintain this documentation in district files. One SEA reinstated submission of documentation with local applications because state-level staff became convinced that districts were not performing needs assessments. All 18 states maintained needs assessment as an item on their monitoring checklists and reviewed documentation during on-site visits.

INTERGOVERNMENTAL LINKAGES AND LOCAL POLICY

To study intergovernmental linkages and district policy, AAI researchers revisited nine of the 20 states described above as well as three districts in each state. The central issue at the local level is whether needs assessments are used in program design decisions. When defined as surveys of parents, teachers, principals and others connected with Chapter 1 programs, needs assessments are rarely used in decision making. Among the 27 districts visited, only one reported using the results of a survey (in conjunction with evaluation data). The district was considering converting to a totally in-class program and sought the opinions of all affected parties. Additional evaluation work will assess program effectiveness. Where surveys are conducted, they usually have very low return rates and are focused so broadly they can only rank subject matter content needs (e.g., reading and math). Such results have limited utility in school districts.

Other uses of needs assessments cited were uses of student test scores. Three districts used subtest scores to identify student needs for individual educational plans. Another three districts used test scores to

identify concentrations of low achieving students for staff assignments to schools. One district linked test items to the mastery learning curriculum. The remaining 19 districts (70 percent of the sample) cited no uses of needs assessments in program design decisions.

STATE ADMINISTRATIVE PRACTICES

MONITORING

FEDERAL FRAMEWORK

Though not explicit in the law, state monitoring appears to focus on three topics: (1) legality of programs and projects (that is, are programs in compliance with requirements?); (2) fidelity of the program with the project application (that is, is the district program implemented according to the design in the application?); (3) quality of the services provided to children (that is, are the programs meeting students' needs?).

Prior to 1978, the legal monitoring structure was unclear, and 35 percent of the states included in a GAO study had no formal monitoring system (GAO report of 1975, cited in Keesling, 1985).

In 1978, specific requirements were added to the law: (1) monitoring standards were to be established by the Secretary, and (2) states were to submit to the Secretary a Monitoring and Enforcement Plan (MEP). The plan had to describe the purpose and scope of monitoring, the frequency of on-site visits, procedures for issuing and responding to monitoring reports, methods of making reports public, and methods for ensuring noncompliance practices were corrected.

In the summer of 1979, the FY 80 Title I allocations were delayed until MEPs were submitted and approved by ED. The MEP was, in fact, a state application to the Department. There was considerable disgruntlement over the MEP by SEA personnel, in part because ED took the document much more seriously than anyone had thought they would.

The 1981 Chapter 1 legislation did not include Title I standards of the MEPs, and was silent on state monitoring.

PREVIOUS RESEARCH

Despite detailed requirements in the 1978 Amendments, state monitoring of Title I program compliance occurred no more frequently after the 1978 Amendments went into effect; some 78 percent of the districts reporting no increase in frequency of on-site monitoring visits (AdTech, 1983).

According to the State Management Practices study (Bessey et al., 1982), no matter how important SEAs thought compliance monitoring activities were compared to program quality activities, the percent of time spent on monitoring was roughly the same, between 25 and 30 percent, across all SEAs.

According to this study, states expected to continue monitoring under Chapter 1 even in the absence of requirements to do so. States were looking for new ways to monitor at less cost, including the use of district self-assessments. A number of people indicated they expected reductions in monitoring (through the legislated cut in administrative budget) and an increase in compliance slippage, especially in the use of program funds for general aid purposes. Respondents thought on-site visits would be briefer, conducted by fewer staff and focused on fewer issues.

Dougherty's (1985) survey of state directors found that immediately after Chapter 1 went into effect, two states did stop monitoring; but by 1984, all states had resumed a regular monitoring cycle. In 44 states, directors reported that they monitored every district at least once every three years or intended to return to a three-year monitoring cycle in 1985-1986. Thirty-nine states monitored larger districts annually. Only five states did not get to their smaller districts at least once every three years and did not plan to change their monitoring frequency in the near future. These five states monitored their larger districts annually.

Nineteen states reported "less thorough" monitoring and 26 states reported reduced frequency since Chapter 1. Seventeen of the states that reduced monitoring frequency, also reduced the frequency of technical assistance. Directors expressed concern about insufficient time to monitor small districts, to visit school sites in larger districts, and to work with districts on program quality issues (Dougherty, 1985).

Reductions in monitoring were attributed to inflation and to the reduction in administrative budget from 1.5 percent to 1 percent of the state

allocation. State legislatures and departments of education did not provide revenues to make up the difference (Dougherty, 1985). Directors considered monitoring to be necessary to ensure compliance, prevent general aid, and improve program quality. Directors gave three reasons why monitoring was important for program quality. First, monitors shared information and encouraged an exchange between districts about effective practices. Second, they encouraged the use of evaluation results to improve program quality, because teachers and administrators knew that they would ask what was being done to improve programs in schools that had done poorly. Third, monitors provided a "peer review" from outside the district that motivated teachers and administrators to improve programs (Dougherty, 1985).

Virtually all directors reported spending a higher percentage of their monitoring time attending to program quality issues since Chapter 1 than they had under Title I. But most states (31) still spent the majority of their time on compliance. Thirteen states said that they divided their time equally between attention to "compliance issues" and "program quality improvement issues" (Dougherty, 1985).

CURRENT PRACTICES AND CHANGES -- STATE LEVEL

Frequency of Monitoring Visits

AAI researchers found that the policy in all but one of the 20 states was to monitor all districts at least every three years. The one exception was a state that reduced its monitoring cycle from three to five years when Chapter 1 took effect. Two states in the sample planned to monitor all districts every year; five states planned to cover all districts at least every two years. Nine of the 12 states that tried to cover all districts at least every three years, reported more frequent (generally annual) monitoring of their largest, and often medium-sized, districts.

At the same time, when asked how often they visited specific districts, several states reported difficulty meeting their monitoring schedules. Several noted that they could not always visit the smallest districts within the scheduled time period. If problems demanded unusual SEA attention or if the SEA chose to undertake a special program, districts might be skipped in the formal monitoring cycle. During 1985-1986, one state

reported, for example, that efforts to address problems caused by the Felton decision had severely set back its monitoring cycle. Another suspended part of its formal monitoring the year before to sponsor a technical assistance program to improve program quality.

Discretion also existed about which districts to monitor first, for example, those that had not shown significant achievement gains, those with new staff who were not necessarily familiar with regulations, or those found to have problems during the previous year's monitoring. One SEA staff person reported delaying a monitoring visit because he knew that the district had a problem it needed to correct; the delay was to give the district a deadline for correcting the problem. SEAs reported that, when necessary due to lack of resources, they would skip those districts which they considered most likely to be in compliance, for example, ones with a strong history of compliance or close contacts with SEA staff.

A few of the states, particularly ones with triennial monitoring cycles, conducted less formal interim monitoring visits. These visits were most often targeted to districts or schools with low achievement gains, new staff, or previous problems.

Intensity of Monitoring Effort

AAI researchers also asked SEA directors about the length of monitoring visits and the number of staff involved in each visit, to estimate "intensity" or person-days involved. Although 11 states sent only one SEA Chapter 1 staff person to monitor most of their districts, seven states typically used teams of SEA Chapter 1 staff who divided up responsibility for covering different aspects of the program. "Intensity" was figured as the product of the number of staff reportedly sent to monitor most districts and the time spent in these districts.

In most states, person days required for monitoring varied considerably by the size of the district monitored. One state reported, for example, that its visits were typically three days; but one-half day was spent in the smallest districts and two weeks in the largest one. Estimates for the largest metropolitan districts in the sample were as high as two or three person days each week for virtually the entire school year. States that reported using one SEA Chapter 1 staff person to monitor most districts, often

reported using teams of SEA Chapter 1 staff for their larger districts. Intensity was, therefore, figured separately for the largest districts in the state.

Calculating average intensity for all districts except the largest, in seven states monitoring required only one person day or less per district, in five it required two to three person days, and in three states four to six person days. In two states, monitoring was always by teams of four or more SEA Chapter 1 staff who spent from three to five days per district for a total of 18 or more person days per district. Thus the intensity of monitoring varied considerably by state.

Differences in intensity across states to some extent reflected differences in the typical sizes of districts in different states. Although some predominately rural states with small districts monitored with greater intensity, all seven states where monitoring required one person day or less were predominantly rural. Six of these had a very high number of very small districts; in addition, the substantial travel time required between districts is not included in the estimates of person days on site. The seventh spent more time in informal interim monitoring and technical assistance than formal monitoring visits. In the two states where on-site monitoring averaged 18 or more person days per district, the districts are county units. The relatively small number of counties had substantial school populations.

In two states, the intensity of monitoring for Chapter 1 could not be calculated because Chapter 1 monitoring was integrated with monitoring of all categorical federal and state programs. The comprehensive monitoring of all programs in one of these states took from 12 to 80 person days depending on the size of the district.

The following table charts frequency by the average intensity of (time-on-site) monitoring for all except the largest districts in the state:

Table 1

Comparison of Monitoring Frequency
with Average Time on Site, by State*

Monitoring Frequency	Average Time on Site (person days)**			
	1 or less	2 - 3	4 - 6	18 or more
Annual	0	1	1	0
Biennial	1	3	0	0
Triennial	6	1	2	2

*17 states provided information on this topic.
**The largest metropolitan districts in the state are excluded from these calculations. They are often visited for extended periods by teams of SEA staff and therefore would distort the average.

Given the emphasis many states place on monitoring districts for compliance with Chapter 1 requirements, the rather small number of person days per on-site visit may seem surprising: six of the states in the table spent one person day or less on site per district every three years. It is useful to note here that intensity reflects two factors. The first is the number of districts in a state. The second is the size of the state's Chapter 1 staff. The number of staff available for monitoring is obviously dependent on the size of the state's allocation -- how many staff can the state afford to hire? The number of districts in a state reflects a variety of historical geographical, and political factors. Rural states tend to have many small districts. States whose districts are based on county boundaries tend to have fewer and larger districts. Thus, the number of districts per person and the time spent in each varies considerably from state to state.

Several rural states with large numbers of districts report monitoring visits averaging one or fewer person days per site. Districts in in these states are small and presumably require less time to monitor. The six states in the table that report triennial visits of one or fewer person days per district are rural, with numerous small districts.

It should also be noted that in addition to monitoring large numbers of districts, staff in some rural states spend significant time traveling to and among districts for monitoring visits. Travel time was not included in the estimates of person days on site.

Changes in SEA Time in Districts Since Chapter 1

The following table indicates changes in the frequency and intensity of formal monitoring visits since Chapter 1.

Table 2

Number of States Changing
Monitoring Frequency and Time on
Site, 1980-81 to 1985-86

Monitoring Frequency	Time on Site*		
	Decreased	Did not Change	Increased
Decreased	1	3	2
No change	5	3	0

*14 states provided information on this topic. Three other states provided partial information: two decreased the frequency of monitoring while one reduced person-days on site.

Of the 17 states for which information was available, 14 indicated a decrease in either frequency or intensity of monitoring. The two states that indicated an increase in intensity of monitoring and decrease in frequency, reported that overall they spent less time monitoring districts. The increased intensity allowed them to give somewhat more attention to issues of program quality in those years that they monitored a given district, while at the same time the decrease in frequency made up for the cutbacks in staff since Chapter 1. In addition, one other state that indicated no change in either frequency or intensity of formal monitoring, indicated a decrease in

its less formal, interim monitoring visits to districts. In all, 18 states indicated less overall time on site for monitoring. Three states had begun to use district staff from other districts to compensate for the loss of SEA Chapter 1 staff.

For 15 of the 18 states the reduction in monitoring was not offset by increased time on site for technical assistance; instead overall time on site decreased. Most states found it difficult to disentangle on-site technical assistance and monitoring activities to report them separately. Nevertheless, three states with reduced intensity of monitoring reported either an overall increase or the same amount of time on site due to increased time for technical assistance.

Because of staff reductions, five of the states that reported reduced SEA time on site per district, also reported that staff now spent a greater proportion of their time monitoring than under Title I.

Purposes of Monitoring

Fourteen of the states reported that their primary purpose in monitoring was to check compliance with regulations. Of these, seven states reported that they looked at program quality if they had time or a monitor had a particular interest in instructional improvement. Five states said that compliance and quality were given relatively equal weight. One reported an emphasis on quality.

Seven states reported some increase in monitoring of program quality during visits; three states reported less monitoring of quality because staff reductions only allowed them time for attention to compliance issues. States that reported greater attention to program quality generally cited as reasons a change in the orientation of the SEA leadership, new staff with backgrounds in instruction, and the development of a cadre of experienced district staff who were already familiar with and had institutionalized practices to comply with regulations. Assurances and a decrease in regulations under Chapter 1 had only minimal impact in a few states, and then only in the areas of comparability and parent involvement.

Monitoring Activities to Assess Compliance

The activities performed by monitors on site varied considerably both across and within states. Some states and monitors spent virtually all of their time in the district central office reviewing records and interviewing administrative staff. At the other extreme, individual monitors reported observing classrooms for 30-60 minutes per classroom, asking instructional staff a series of questions (19 questions were listed by one monitor) about instructional quality, interviewing principals and meeting with all instructional staff in all Chapter 1 schools, and attending PAC meetings when possible.

All states reported that they followed a checklist or other monitoring instrument to cover compliance areas. In addition, in all states, monitors "checked documentation" at the districts to assess compliance with state and federal requirements. The thoroughness of monitoring that seemed to be implied by these activities varied, however. In some states, monitors apparently looked quickly through district files to see if, for example, comparability policies, lists of students rank-ordered by achievement, and dates of meetings for parents, were available for auditing purposes. In others, monitors recalculated comparability reports, examined whether teacher recommendations used consistent criteria for ranking students, and read minutes of parent meetings to assess district parent involvement efforts.

In addition to central office records, in some states monitors examined teachers' lesson plans to see if the regular and Chapter 1 program were coordinated. Documentation of the percent of time spent by Chapter 1 instructional staff on instruction, which students they worked with for how long each day, samples of student work, and individual students' needs assessments, were checked during visits to schools. In other states, virtually no time was spent in the schools; it seemed unlikely that these records were examined.

Monitors generally interviewed the district Chapter 1 coordinator and some of the instructional staff. They spoke with superintendents, principals, and, less frequently, with parents. Some monitors observed classrooms and interviewed students about their instructional program.

In most states, these types of differences reported across states were also reported by monitors within the same state. Monitors within a given state did not all perform the same activities when on site, although they followed their own state's guidelines. Checklists were one effort to ensure coverage of compliance areas, but usually they did not specify standards or tests to use. SEAs also used staff meetings, teams, and training sessions for SEA Chapter 1 staff, to attempt to standardize compliance monitoring.

Monitoring for Quality

Differences among monitors within states were particularly evident in relation to monitoring for quality. State policy specifically restricted monitors to addressing compliance in two states. In the remaining 18 states, compliance issues were to be addressed first, but then SEAs allowed monitors to address issues of quality to whatever degree they considered appropriate, the district would accept, and their own competencies allowed. Some SEAs had specifically recruited staff since Chapter 1 with interest and expertise related to program quality improvement. In these six states it was primarily the newly recruited, and often female, staff who addressed program quality issues.

States' definitions of what constituted monitoring for quality also varied considerably across states and among monitors within states. For example, some states pointed out a connection between monitoring and evaluation results. They monitored districts with low achievement gains first, or visited those schools within a district that showed the lowest gains. But the fact that a state used evaluation results to choose sites to monitor was not necessarily associated with whether it engaged in any activities for program improvement while monitoring on site.

Some SEA monitoring checklists made reference to size, scope and quality regulations. However, many size, scope and quality regulations were vague; for example, that regular and Chapter 1 services be well coordinated with the regular program, that instruction be individualized, and that activities address student needs. In relation to these vague guidelines, activities of different monitors within states appeared to be particularly inconsistent. Activities ranged, for example, from checking whether instructional staff maintained documentation of appropriate use of

instructional time to observing students in classes and questioning them about the way they spent their school day.

When quantitative regulations such as the amount of time students were to be involved in Chapter 1 instruction or the number of students per instructor were monitored, they were often the means SEAs used to control possible supplanting practices. Therefore, it was difficult to determine the extent to which the SEA monitored supplement-not-supplant, quality, or both. Confusion between monitoring for quality and monitoring for supplanting was also evident with the vague size, scope and quality guidelines.

It was difficult as researchers to assess the type and degree of change involved when SEAs reported that they had increased monitoring for program quality improvement. SEA reports may have reflected a shift in SEA intentions not yet translated into new practices. Or the SEA may now monitor more closely those requirements it considers related to program quality. By monitoring compliance with these regulations as opposed to other ones, it adds an emphasis on quality. Finally, some SEA staff defined program quality in terms of compliance with regulations.

LOCAL PERCEPTIONS OF STATE PRACTICE

To study intergovernmental linkages in Chapter 1, AAI researchers revisited nine of the 20 states described above as well as three districts in each state. Local perceptions of state monitoring practices are described below.

The districts were asked about the monitoring practices of state-level staff. While their district reports did not clearly confirm or contradict state reports, they indicated that reductions in state monitoring activity since Chapter 1 were of little consequence. Although seven of the nine states in which districts were visited reported less time on site for monitoring, only nine of 26 districts reporting perceived reduced monitoring time. On the other hand, at least one district in every state that reported less monitoring perceived some reduction.

All but one of these districts considered the reduction to be minor. They reported the focus of monitoring to be primarily or solely

compliance, and only rarely program quality. Little change was reported in the areas covered, and these were generally attributed to changes in the state staff.

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AUDITING

FEDERAL FRAMEWORK

Auditing is carried out to ensure the proper expenditure of funds in compliance with federal and state regulations. Legislation requires that audits be supervised by a unit that is separate from the department that monitors federal programs. Thus audit supervision is carried out by an SEA auditing or finance department separate from the Chapter 1 program, or by a separate state agency.

With the 1978 Amendments, states were instructed to do independent fiscal and program compliance audits, on a "reasonable" cycle, interpreted as a minimum of every three years. Audits were to be done by CPAs, state auditing agencies, or by SEA staff not connected with the Title I program, to ensure independence. For the first time, they could not be done by SEA Title I staff. Program compliance audits were also new in 1978. The areas that auditors were required to cover to assess program compliance were maintenance of effort, excess costs, supplement not supplant, comparability, school attendance areas, children to be served and private school participation.

In 1979, OMB released Circular A-102P which changed auditing requirements. It outlined procedures to replace grant-by-grant audits with organization-wide "single audits." The minimum frequency of audits was shortened from every three years to every two. OMB also released a Compliance Supplement that included guidance for covering Title I program compliance during A-102P audits. The supplement covered essentially the same areas as the 1978 Amendments to assess program compliance. In addition, SEAs that had used SEA auditors for Title I grant-by-grant audits now had to employ the services of CPAs or separate state auditing bureaus for single audits.

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Initially SEAs had the option to continue auditing Title I as a separate grant or to shift to following A-102P. With the change from Title I to Chapter 1, A-102P became mandatory.

A single audit is intended to cover all operations of a state or local government or government entity, not just a particular program such as Chapter 1. Single audits require that auditors test the adequacy of the organization's accounting and administrative control systems. To do so, they draw a sample of transactions, for example, records concerning particular purchases or employee sick days, from all federal programs.

On the basis of this testing and the tests required by the OMB Compliance Supplement, the auditor must comment on whether the organization has complied with laws and regulations that could materially affect financial statements. Testing and reporting is governed by state and professional, as well as federal standards. The auditor must report any noncompliance that is found. The report need not indicate whether the transactions sampled actually included ones from Chapter 1, or which tests were performed to examine compliance with Chapter 1's funds allocation requirements, for example; but the report must state that there is no reason to believe that areas not tested were out of compliance.

The Single Audit Act, passed by Congress in 1984, goes into effect beginning in FY86 (for most states, depending on the date their fiscal year begins). It was passed partly to speed implementation of Circular A-102P, and most major provisions are the same. However, with the Single Audit Act, audits must be conducted yearly unless state law allows biennial audits that cover both years. In one respect the Single Audit Act weakens coverage because only Chapter 1 programs over the larger of $100,000 or three percent of the district's total federal dollars, must receive program compliance audits. But, at the same time, the combination of changes in wording about audit report requirements and guidance from the American Institute of Certified Public Accountants about single audit procedures increases testing and reporting requirements for programs covered.

PREVIOUS RESEARCH

According to the District Practices Study, some 30 percent of the districts had not had a Title I audit in the last three years, and nearly a

quarter of the audits done looked only at fiscal integrity and not at compliance (AdTech, 1983).

The State Management Practices Study found (Bessey et al., 1982) that at least 13 states were out of compliance with requirements for compliance auditing. All states conducted fiscal audits, but fewer conducted the required program compliance audits under Title I. The average amount of time spent on audits and audit exceptions was less than 10 percent of administrative time.

State coordinators reported a number of problems for program compliance audits, namely (1) they were unnecessarily duplicative to monitoring efforts and of little benefit; (2) they were costly to districts and SEAs considering their outcome; and (3) fiscal auditors were unqualified to do program compliance audits (i.e., CPAs' experience and background did not extend into program areas) (Bessey et al., 1982).

A number of problems were anticipated to follow A-102P requirements. As reported by Bessey et al. in 1982, (1) audit practices in 13 states had to be modified to conform with the independence of auditor standards; (2) 21 states on a three-year cycle had to convert to the two-year cycle; (3) all states had financial audits, but six needed to begin program compliance audits to comply with A-102P; and (4) 44 states needed to shift to the organization-wide concept.

Dougherty (1985) found in 1984 that 38 states had implemented organization-wide audits, two were just beginning the process, and eight had not yet begun. In 28 states single audits were (or would be) conducted by CPA firms. In 12 states they were done by state agencies, and in seven states districts could choose either of these options.

In the Dougherty study, 38 Chapter 1 directors expressed doubts about auditors' examination of Chapter 1 compliance. Eight directors thought that auditors did an adequate job. Some directors feared that CPAs were not competent to assess compliance and might overstep their authority in making exceptions that affected program delivery. Twelve reported participating in the training of auditors, but many did not know about the training of auditors or what was required of them. Of 20 directors who expressed an opinion about the OMB Compliance Supplement as a guide to auditors, half thought it was

adequate. Complaints included that it was not specific enough, particularly regarding the tests that auditors should perform in the districts. That audits cannot substitute for monitoring and technical assistance for compliance was emphasized in the report.

CURRENT PRACTICES AND CHANGES -- STATE LEVEL

Of the 17 states reporting in the AAI study, organization-wide "single audits" had been implemented in all but three. Two of these three states were beginning implementation in 1986, one in only some districts. For the most part, these were A-102P audits; but a few states had already implemented the Single Audit Act. Two states were already utilizing the single audit concept before Chapter 1.

Of 14 states reporting, eight required districts to conduct audits yearly. Six required audit reports every other year, but the audits were to cover both the current and intervening fiscal years. States that required biennial audit reports indicated that most districts conducted audits yearly anyway.

In nine states, districts hired CPAs to conduct the audits; in two states, audits were conducted by a legislative or other state auditing bureau separate from the SEA. Four states allowed districts to choose to hire either CPAs or a state bureau. In two states, whether districts were required to use the state agency or to hire CPAs depended on the size of the district. Before Chapter 1, three states used auditors within the SEA. They shifted to CPAs with the change to the single audit.

The AAI study asked Chapter 1 directors and SEA auditing specialists about areas covered in audits and whether coverage had changed since Chapter 1. Financial audits were conducted in all states, but the coverage of compliance areas was more varied. Chapter 1 directors or state financial specialists and auditors in eight states said that coverage was adequate to catch slips toward general aid and other compliance problems. Six states expressed doubts. In only four states did it seem clear to researchers that all compliance areas required by law were likely to be covered by auditors. In many states, however, directors and auditing supervisors did not know or did not offer information about what district auditors did in sufficient

detail for researchers to make independent judgments about compliance coverage.

States disagreed as to whether the change to the single audit had increased or decreased auditors' attention to and information about compliance with specific Chapter 1 requirements. Regardless of whether they thought attention to compliance was adequate, six states thought that it was about the same as under Title I, four states thought that it had improved, and five states thought that it had declined.

In two of the cases in which coverage was said to have improved with Chapter 1, CPAs conducted audits before and after the law changed. The directors felt that auditors have better guidance under Chapter 1. One remarked that "auditors are even looking at test scores." In the other cases, improvements seemed to have to do with specific SEA personnel or procedures for coordinating auditing and monitoring, rather than guidance related to single audits.

In all five cases in which attention to compliance was said to have declined, one of the reasons cited was that in the sampling of transactions across all federal programs, Chapter 1 may not be covered adequately. One director said that with grant-by-grant audits, CPAs recalculated comparability, targeting, maintenance of effort, and other areas; with single audits their review was more superficial.

An auditor noted that audit reports stated only whether "compliance areas checked are clean," not which areas were checked. The department that supervised auditing would have to examine auditors' workpapers to know what they actually did on site. Although not directly asked, no SEA talked about routinely examining workpapers when describing their practices; only a few mentioned looking at them when there had been exceptions.

In three of the states reporting less thorough auditing under Chapter 1, SEA auditors had been replaced by CPAs. In one of these states the SEA auditing supervisor said that quality of audits depended on the "professionalism" of the local CPA. Good auditors did a thorough job; "lazy or overworked" ones did not. It was said that SEA auditors had known both the compliance issues and district histories; they knew what compliance tests were important. In this state, both the auditing supervisor and director said that

over the several years in which the single audit had been used, CPA auditing practices had improved; but neither had confidence that compliance was consistently checked, or that all auditors knew how to check all requirements. In another state, the SEA auditing supervisor suspected that CPAs did not know how to test compliance, particularly comparability, because none had ever called to ask questions about how to do it. In other areas, such as maintenance of effort and school targeting, which he thought should be easier for auditors to understand, he had received questions.

In both cases, the auditing supervisors thought that the general principle of allowing auditors, as professionals, to develop their own tests for compliance issues was a good one. But they also thought that sample control questionnaires for testing compliance were needed as part of the handbooks or other guidance given to auditors. Each state had developed its own guidance for auditors and offered training.

Whether CPAs and other auditors provided adequate information about Chapter 1 compliance issues and in general understood single audit procedures, was the main difficulty reported by states concerning the implementation of the single audit.

Virtually all states, even some with complaints about compliance, reported that the transition to the single audit was relatively easy to administer. Difficulties seemed related to shifting from using SEA auditors to CPAs; then considerable time and effort for training were required. In two instances there were problems getting information from regional federal offices; on the other hand, one state reported that assistance from the federal office smoothed implementation.

Most states have just begun to think about implementation of the Single Audit Act, but they anticipated little difficulty with it. In a few states, it had already been implemented without problems. One state expressed concern that, given the monitoring floors for program compliance tests and the small size of most of the state's districts, under the Single Audit Act few Chapter 1 programs in the state would receive routine compliance audits unless the state required it. Another state was changing from use of state agency auditors to CPAs along with the shift to the Single Audit Act. Some SEA staff believed that the change to CPAs would reduce the quality of compliance testing and the number of paybacks demanded for exceptions.

Even in states where audits were said to be "superficial" or "inadequate" to catch problems if they existed, SEA staff did not think that many problems existed or that slips to general aid were widespread. Most states reported few exceptions and little change in the number or kind of exceptions compared to 1980-1981.

As previous research has found, there seemed to be two types of SEA concerns, when concerns were expressed. One type was that compliance areas might be skipped or poorly covered. The second was that auditors might overstep their competence and authority in looking at program issues. One director expressed the fear of interference with education decisions, in particular, that auditors would "start selecting students." In either case, for different reasons, directors wondered whether auditing was worth its cost. If compliance areas were skipped, auditing did not serve as a "second opinion" to confirm monitoring findings. Directors did not know how to interpret the fact that no exceptions were found. On the other hand, if they were covered, auditing of compliance duplicated monitoring efforts. "Pre-auditing" practices that allowed the SEA to check district expenditures before disbursing funds further reduced the likelihood of exceptions and raised questions about the costs of audits. Both types of concerns seemed to reflect a need for clearer definition of which areas auditors are to test and in what manner.

CURRENT PRACTICES AND CHANGES -- LOCAL LEVEL

To study intergovernmental linkages and local practice, AAI researchers revisited nine of the 20 states described above as well as three districts in each state. Local perceptions of current auditing practices are described below.

Districts in states that now require the single audit reported that they were complying with the requirement. Even some districts in states that had not yet changed their requirements had already begun to do single audits.

Seven districts reported moderate to substantial change in auditing practices since Chapter 1; 11 reported little or no change; the remainder did not estimate the extent of change. (Often, Chapter 1 coordinators were unfamiliar with auditing practices, and personnel who were more familiar with these practices were not available for interviews.)

Three coordinators reported that, after the single audit took effect, they had had to teach local CPAs about the Chapter 1 requirements so that they could begin to audit program compliance. Three coordinators said that compliance coverage had declined; four that it had improved. Most coordinators did not address this question, or else indicated no change.

In two large districts, where auditors are in the district offices virtually year round, district administrators raised questions about how independent these auditors really could be. Yet, in one state, an SEA staff member reported that an auditor had actually gone into classrooms in one district to check whether instructional staff were working only with Chapter 1 children; he had found an aide working with a non-Chapter 1 student and gave the district an exception.

TECHNICAL ASSISTANCE

FEDERAL FRAMEWORK

Technical assistance is provided to help districts develop programs and to ensure compliance. Even prior to 1978, Congress intended that states help districts develop and evaluate programs, provide assistance during on-site monitoring, work with parents to implement parent advisory councils, and disseminate information on exemplary projects (Gaffney, Thomas, Silverstein, 1977, reported in Bessey et al., 1982).

Prior to 1978, however, states were required to provide technical assistance to districts only for evaluation purposes. Ten Title I Evaluation Technical Assistance Centers (TACs) were funded in 1976 to help assist states. At first, the TAC system focused primarily on implementing the Title I Evaluation and Reporting System (TIERS). Once the system was in place, TACs began to assist states on the use of evaluation data to improve programs. The TACs were to serve only in a supportive capacity to states; they were not to assume tasks that states were specifically required by law to carry out (Bessey et al., 1982).

The 1978 Title I statute clarified and expanded the state role in providing technical assistance and disseminating information. States were required to provide assistance in the following areas: management procedures, including preparation of applications; planning; development; project implementation; evaluation; and any other assistance as needed by districts and other state agencies administering Title I programs.

The technical assistance provisions included in the 1978 law and 1981 regulations were dropped from the Chapter 1 legislation. No technical assistance is required. Nevertheless, supporters of the Chapter 1 legislation hoped that the reduced regulatory role would increase state capacity and resources to provide technical assistance to local districts.

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PREVIOUS RESEARCH

The AIR Study of State Management Practices (Bessey et al., 1982) found that most Title I coordinators thought the technical assistance and dissemination provision was central to meeting the intent of the law. Although staff found it difficult to separate technical assistance from monitoring activities (because the same activities often serve both purposes), state staff reported spending an average 20 percent of their time providing technical assistance. The most frequent vehicles for providing technical assistance were meetings with local districts (35 states), telephone consultations (23), workshops (35), correspondence (22), statewide (16) and regional (20) meetings and conferences, and on-site monitoring visits (15).

AIR found that technical assistance had a strong dual quality/compliance component. States used technical assistance to help districts implement legal programs and to improve programs. Technical assistance was also highly interwoven through virtually all other state management responsibilities -- that is, technical assistance was provided as part of on-site monitoring visits, application completion, carrying out evaluations, and involving parents in Chapter 1 programs.

The AIR study classified states in terms of either a "quality" or "compliance" management orientation. Personalized methods of assistance -- telephone consultations, meeting with districts, conducting small-group workshops -- characterized states with a "quality" orientation. The use of less personalized services -- statewide conferences, for example -- was associated with a "compliance" orientation.

Quality-oriented states tended to see monitoring as more closely integrated with technical assistance efforts to improve program quality. They tended to engage in "extra" activities for monitoring quality, which sometimes involved use of outside consultants or content specialists from other units in the SEA.

States that provided personalized technical assistance could not be differentiated from those that did not, using allocation, population or staffing variables. Thus, it was not the case that states using more personalized technical assistance had greater resources, or even fewer districts to serve than those that did not. States that used statewide

workshops could be differentiated from those that did not: they had larger amounts of funds for state administration, more local districts, and greater populations at each of the last three census counts. They did not, however, have larger central office staffs, nor did they differ in the amount of time spent on technical assistance.

Prior to Chapter 1 implementation virtually all states planned to continue providing technical assistance under Chapter 1, but nearly half said the reduction in funds would require them to decrease efforts in this area. Some expected to make greater use of large-scale, less personalized service at low cost -- for example, group presentations and dissemination of materials. Others hoped to find lower cost methods to deliver personalized services -- for example, using content specialists from within the SEA or linking districts with one another. Some states wondered whether the federal government would continue to be a source of help to them in their search for new technical assistance strategies, as the federal role under Chapter 1 had been reduced (Bessey et al., 1982).

Before Chapter 1 implementation, local coordinators generally felt that their states were extremely helpful, but were concerned that state technical assistance would be eliminated or reduced. They were concerned that it would become less personal, focus more on compliance than program quality issues, and become less available to smaller districts or those farther from the SEA or regional office (Bessey et al., 1982).

Although most states still spent the majority of their time on compliance monitoring, nearly all state Chapter 1 directors surveyed by Dougherty in 1984 reported shifting emphasis from monitoring to technical assistance to improve program quality since Chapter 1. On the other hand, 26 of 40 states reported decreasing their overall amount of technical assistance due to reduced state set-asides and inflation. Decreases in technical assistance were more likely in larger states (Dougherty, 1985).

Dougherty also found that 39 states held statewide and 45 held regional workshops or conferences, 45 gave workshops on application preparation and changes in the law, 47 made informal visits to assist districts on request, 14 published a Chapter 1 newsletter, and 12 published sourcebooks of effective practices. Monitoring visits were also reported to be important occasions for technical assistance.

Thirty-eight of the 50 state directors reported that they were able to satisfy all district requests they received for technical assistance. At the same time, most felt hindered by the cuts in resources from being able to offer additional assistance on their own initiative.

All 50 state directors reported that they contracted with the technical assistanceCs for specific services, and the majority used them extensively. Most directors expressed strongly positive views of their usefulness, and virtually no negative comments were made. Seventeen states wanted technical assistanceCs to be able to spend more time on activities not directly related to evaluation, such as improving instructional methods.

CURRENT PRACTICES AND CHANGES -- Stechnical assistanceTE LEVEL

The AAI study asked SEA directors and staff in 20 states to describe their current technical assistance activities and how these activities had changed since Chapter 1. The range of activities is the same as found by earlier researchers.

In all but the two states that had integrated Chapter 1 monitoring into the monitoring of all categorical programs, on-site monitoring visits were occasions for technical assistance. Except in these two states, all SEA Chapter 1 staff performed both functions, and a single visit or conversation served both purposes. If problems were discovered, SEA staff wanted to offer assistance to resolve them immediately. Often SEA staff could not distinguish technical assistance from monitoring clearly enough to report them separately. Fourteen states specifically mentioned the use of monitoring visits to provide technical assistance.

Thirteen states reported the use of phone consultations to provide technical assistance; but it was likely that all states, if specifically asked, would have responded that technical assistance was provided over the phone. It seemed to be understood that SEA staff would respond to questions districts raised over the phone. About half of the states reported that they used the TACs for technical assistance on evaluation. A couple used TACs for assistance in program areas.

Seventeen of 20 SEAs reported offering districts either state or regional conferences or workshops at least once a year. In three states, this

approach represented a change since Chapter 1 to large-scale, less personalized technical assistance.

The use of large conferences did not, however, appear to represent a general shift toward less personalized technical assistance. Six states indicated an increase in personalized technical assistance. As noted, much of this assistance was delivered during monitoring; nevertheless, ten states mentioned some inservice, however limited, provided to individual districts at times other than monitoring visits.

Estimates of time spent on technical assistance ranged from 13 percent to 60 percent of total staff time. The low figure was from a state where staff cutbacks meant an increase in percent of time for monitoring. The high figure was from two states. In one of these states, monitoring was separate from the Chapter 1 program because it was part of the state's comprehensive monitoring of all categorical programs, so all on-site time by Chapter 1 program staff was considered to be technical assistance. In the other state, monitoring was significantly cut back immediately after Chapter 1 took effect.

Most states found it difficult to give specific numerical estimates of the <u>percent</u> of time spent on technical assistance, in part because of the difficulty separating technical assistance from monitoring. Seven states indicated that the <u>total</u> amount of time they spent offering technical assistance decreased since Chapter 1, five states said that it increased, and four states that it remained the same; however, for some states these reports are compounded with reports about monitoring changes. For the five states in which technical assistance increased, the SEA reported that they separated technical assistance from monitoring to some degree. In all five states, SEA staff claimed that their technical assistance increased because they now spent less time monitoring.

Half of the states in the AAI sample reported offering assistance to help districts primarily to comply with federal and state requirements; the remainder reported that their technical assistance is either primarily for program quality (six states) or at least as much for quality as compliance (four states).

In 12 states, conferences or workshops focused on compliance as well as on such issues as curriculum improvement, student affective development and the use of evaluation results. Workshops held simultaneously on a variety of program quality and compliance issues was a common conference format. Other states offered a combination of single-focus conferences and workshops on various topics, covering for example, application preparation in regional workshops and program improvement at a statewide conference.

Nine of the 20 states reported that they had increased their technical assistance for program quality. Four states, however, indicated that they had reduced such assistance, while seven indicated it had remained the same. Thus, although a number of states reported an increased orientation toward technical assistance for program quality, the AAI study did not confirm Dougherty's (1985) findings in which nearly all states reported an increase in technical assistance for program quality improvement. Table 1 compares changes in the proportion of their technical assistance that SEAs reported offering for program quality (as opposed to compliance) with changes in the time they have available for technical assistance.

Table 1

Changes in the Amount of Technical Assistance Offered Overall and on Program Quality, by State

Total Time Available for Technical Assistance	Amount of Technical Assistance Offered for Quality			
	Increased	Decreased	No Change	Total
Increased	5	0	0	5
Decreased	2	2	3	7
No change	1	0	3	4
Change not known	1	2	1	4
Total	9	4	7	20

Only one of the nine states that reported an increase in assistance for quality attributed the increase to the general shift to assurances and reduction in requirements under Chapter 1. At the same time, several states indicated that the reduction in parent involvement requirements in particular allowed them to shift from technical assistance in complying with PAC requirements to technical assistance for instructional quality.

Six of the 20 states reported hiring new staff with competence in curriculum areas and an orientation to program improvement. It was often these staff rather than staff with longer tenure who offered technical assistance for program quality. At the same time, long-term SEA and district-level staff, with considerable experience addressing compliance issues, were credited with enabling the SEA to be more efficient in monitoring and compliance-related activities. One state reported that it was attempting to formalize monitoring and separate it more clearly from technical assistance visits, in order to shift its technical assistance focus toward improvement of instructional quality.

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LOCAL PERCEPTIONS OF STATE PRACTICE

To study intergovernmental linkages in Chapter 1, AAI researchers revisited nine of the 20 states described above as well as three districts in each state. Local perceptions of state technical assistance activities are described below.

The district reports were at variance with state reports of technical assistance. The states in which districts were visited differ from the 20-state sample in that none of them reported increasing technical assistance since Chapter 1. Four reported decreases and the remainder no change. Nevertheless, all the states indicated that Chapter 1 staff were available and offered assistance to school districts at least during monitoring and over the phone. All indicated that they offered significant technical assistance. Half indicated some assistance for program quality.

District reports of technical assistance by SEA Chapter 1 staff indicated considerably less technical assistance than state reports would suggest. Eight districts in three states (less than a third of the 27 districts reporting) reported little or no assistance. Six additional districts in five states (about one-fifth of those reporting) reported greater expertise at the district than the state level, primarily because state salaries were lower than salaries offered the districts. Most of these were larger districts.

In the 12 districts from eight states where district staff characterized the state as "available" or "helpful" in providing technical assistance, the amount given was modest. In half of these districts, some attention to program quality was noted. However, the cases cited by the administrative and teaching staff interviewed virtually always consisted of clarification of rules on regulatory compliance. For example, a state monitor pointed out a subtest score that could have been used to qualify a student for Chapter 1. Some districts remarked on the usefulness of workshops on application preparation. District staff rarely remembered any advice about program development or instructional strategies that they had received. Although several states offered workshops or conferences said to focus on program quality, only one district found these activities helpful.

APPLICATION APPROVAL

FEDERAL FRAMEWORK

Since the early days of Title I, states have been required to determine that projects are in compliance with federal requirements before SEAs approve district funding. But as requirements expanded so did the length and complexity of applications. In addition, the 1978 Amendments required states to consider audits, U.S. Department of Education program reviews, monitoring reports, noncompliance complaints, and evaluations before approving local projects.

To reduce administrative burden, Chapter 1 eased application requirements. SEAs could use "assurances," signed statements from districts that their programs were in compliance with regulations, to affirm compliance during application review. States could allow districts to sign statements, for example, that selection of schools would comply with targeting requirements rather than submitting lists of all district schools rank ordered by poverty (ECIA, Section 556 (b)).

The 1978 Amendments had introduced a provision allowing states to request full applications from districts every three years instead of every year. Annual updates or amendments were required only to report program changes. Chapter 1 continued to allow the three-year application cycle. The 1982 proposed Chapter 1 Regulations added a provision that annual updates show maintenance of effort and budget for the upcoming year as well as changes in the number of children served and the type of resources.

PREVIOUS RESEARCH

With the 1978 Amendments, the application process became more rigorous (AdTech, 1983), and many states revised their application forms to reflect the new requirements (Bessey et al., 1982). The AIR Study of State

Management Practices found that the new application approval process had made "tremendous contributions" to compliance among districts and that all states considered it to be extremely important to meet the purposes of the law (Bessey et al., 1982).

The AIR study found that prior to Chapter 1 implementation, state directors feared that the use of assurances would not be sufficient to ensure local compliance. While they wanted to streamline the process and reduce paperwork, they generally did not want to trade detailed applications for assurances. They were interested in exploring alternatives to assurances for reducing paperwork (Bessey et al., 1982.).

Some state directors also feared that active (and generally large) districts would pressure the SEAs to include in their applications only items required by law. In addition, problems might emerge in states using joint application forms with state compensatory education programs, when less prescriptive Chapter 1 requirements were at odds with state mandates (e.g., parent councils) (Bessey et al., 1982).

By 1980-81, 33 of 49 states were using the three-year cycle. Eleven reported no reduction in paperwork at either the SEA or district level; three reported reductions for districts only. Ten states said they did not use the three-year cycle because updates were as much work as completing new applications. Successful use of the three-year cycle to reduce paperwork seemed to depend on whether the SEA had found ways to process updates without referring back to original applications (Bessey et al., 1982).

AIR also found that the process of submitting applications made important contributions to districts. They became planning documents and stimulated decision making about operations and expenditures. Title I and other classroom teachers worked together to prepare descriptions of activities, and the application provided objectives against which to evaluate progress. For the SEA, the application facilitated planning and helped to develop state-local relations. It provided an opportunity to oversee program design and give TA to improve services. An approved application became, in effect, a legal contract, useful to both the district and the SEA for monitoring, auditing, and enforcement purposes.

CURRENT PRACTICES AND CHANGES -- STATE LEVEL

All 20 states studied by AAI required that applications be submitted and approved before the release of funds to school districts. Eleven required annual applications; nine allowed a three-year cycle. Some required written amendments before any program changes could be made. At a minimum, SEAs checked budgets and program compliance with federal and state requirements.

Although Chapter 1 allowed SEAs to use assurances rather than documentation to determine compliance, most SEAs in the AAI sample continued to request some descriptive data. At the same time, most added a list of assurances that the district would comply with specific Chapter 1 requirements to be signed by the appropriate district authority, usually the superintendent. In other words, they required both assurances and some descriptive data.

Only in the areas of comparability and parent involvement was there a substantial shift in the amount of documentation required, and comparability data had always been submitted separately from the application. (See the comparability issue summary.) In most states, parent involvement requirements were relaxed and little information was requested on the application. All but three states continued to require the detailed rankings of attendance areas by poverty that are needed for school targeting. All but six states required achievement test results by subject and grade level (for needs assessment) to accompany the application. States that did not require the rankings by poverty or achievement test results on applications, required that this information be submitted separately or be on file in district offices.

In only five states were assurances credited with saving the SEA any significant amount of time during application review. In a number of states, SEA staff reported that many districts submitted the comparability and other documentation even when it was not required. It was said to make them feel safer about compliance. As a result, these SEAs claimed to review the same documentation as under Title I. Other SEAs, particularly in rural states where many small districts have only one or two Chapter 1 schools, were not burdened by the comparability or targeting requirements even under Title I.

When documentation was required and/or submitted, data were generally checked and recalculated before approval. Program design

descriptions were compared to district needs assessments to determine appropriateness of the program.

To the extent that documentation and program descriptions were required, the application was the basis for monitoring and enforcement of Chapter 1 compliance. The application was compared to expenditures and program designs (along with additional data on file in the districts) during monitoring and auditing visits. To the extent that assurances only were required in the application, the application continued to be important as a legal document for funds release but was less useful as a basis for monitoring and enforcement.

A few states incorporated state-specific purposes into the application approval process. For example, one requested information intended to help the SEA Chapter 1 program coordinate with a new school effectiveness program. Another state had staff teams review applications, including verbal presentations by the district coordinators, not only to review the application thoroughly before approval but also to familiarize staff with a wide range of districts across the state.

In most states, SEA staff reviewed the applications for those districts for which they had been assigned monitoring responsibility. Usually staff followed a checklist to make sure that districts had covered the required areas. Although in some states the entire process was completed by one staff person, in others a finance specialist might be called in from another SEA department to review the budget. In some states applications might be passed on to the director for final signature.

The staff time spent annually reviewing applications varied from a tiny fraction of one person's time in a state that relied primarily on assurances to one and a half months of each staff person's time in a state that required districts to submit virtually the same documentation as under Title I. This state estimated that an additional month of each person's time was spent approving amendments to applications over the course of the year. Most states, however, found it difficult to estimate the percent of time spent on application review.

Slightly less than half of the states in the AAI sample (compared with two-thirds of the states in the AIR study) used the three-year

application cycle. Nine of the 20 states in the AAI sample used a three-year application cycle, with annual updates of budget and other required information. In only four states, however, was the use of the three-year cycle credited with saving the SEA time.

Several states reported streamlining their application formats to simplify preparation and review. One reported the use of a computerized management information system that printed out information already on file at the SEA (including school poverty and achievement data) reducing the time districts spent on application preparation.

No concern, such as was anticipated prior to the implementation of Chapter 1, was expressed about pressure from districts to limit the application to only federally regulated topics. There was also no concern expressed in the six states where compensatory education programs existed about conflict between state and federal application requirements.

CURRENT PRACTICES AND CHANGES -- LOCAL LEVEL

To study intergovernmental linkages and district policy, AAI researchers revisited nine of the 20 states described above as well as three districts in each state. Local perceptions of the application process are described below.

Only a third of the 27 districts reported even minor decreases in application paperwork. Time spent on applications remained high in many districts, with considerably more time needed in larger districts. Nevertheless, only a few coordinators considered applications a burden. Experience, and in some cases word processing or computerized school data, eased preparation. More important, coordinators expressed such attitudes as "It's just part of the regular job." "For money, we don't mind doing anything." A few responses were more positive. For example, one said that application preparation was a discipline that maintained "the integrity of the planning process." Another noted that it was an opportunity to involve relevant parties -- teachers, principals, and parents -- in program decision making. These attitudes, however, were not necessarily a change from opinions coordinators held under Title I.

RULEMAKING

FEDERAL FRAMEWORK

States make rules for districts formally or informally, to interpret federal requirements, promote state goals, facilitate administration, and improve program quality. The chief concern of Congress was that state-initiated rules not conflict with federal statutes, regulations, legislative history, or intent. Congress intended that it be a state decision whether to make rules that were more restrictive than federal requirements (Bessey et al., 1982).

The term rules has been used by Congress to mean any regulations, procedures, or guidance issued by states, regardless of whether they are approved by a formal public process or issued informally, e.g., by the Title I office. Informal rules can be expressed in guidance to districts, policy memos, handbooks, and application requirements. Rules are defined as "formal" if they are made through legislative processes or state board hearings or if they require the signature of, for example, the governor or chair of the state board.

Title I never prohibited state rulemaking, but the 1978 Amendments added a provision to expressly allow it. Chapter 1 omitted this provision. Such a provision was again included in the 1983 Technical Amendments, which also stated that state-initiated rules were to be clearly identified as such to districts (ECIA, Section 591(d), as amended).

PREVIOUS RESEARCH

In the AIR Study of State Management Practices (Bessey et al., 1982), 22 of 49 state coordinators were characterized as "active" rulemakers, 17 as "minimal" rulemakers, and ten as "non-rulemakers." Active rulemakers "talked freely" about state rulemaking, policies, and handbooks. They provided examples of ways in which rulemaking had facilitated their program

administration. Minimal rulemakers used rulemaking "primarily to clarify or interpret the federal law" and then "only occasionally." They made rules before the 1978 Amendments but afterwards thought rulemaking was unnecessary. Non-rulemakers said that the local control philosophy of their states prevented rulemaking, although coordinators in these states may also have had a tendency to underreport their informal rulemaking. Some said that the federal law left few sections open to rulemaking.

Only a subgroup of active states made program design rules that addressed program quality issues. States addressing quality issues had coordinators who initiated rules on their own (or with districts, but not only after district requests), had more years of experience, relied primarily on informal rulemaking (or informal combined with formal), and made rules prior to 1978.

Regardless of whether rules were formal or informal, states tried to enforce their rules, but were less successful in enforcing informal rules. Monitoring, auditing, application approval and withholding funds were the most frequently cited enforcement methods.

In the AdTech study (1983), two-thirds of the districts said state requirements were not more restrictive than federal requirements, 20 percent said some regulations were more restrictive (with application preparation being the leading area of more restrictive regulation), and 16 percent did not know. There was no uniformity of response across districts in the same state.

Some state directors reported to Dougherty (1985) that they were reluctant to issue their own interpretations of federal requirements without prior approval from the Department of Education. Short of the courts, the Department has ultimate power in relation to audits and audit appeals; therefore, SEAs wanted clarification whether specific district practices were acceptable.

A number of states in Dougherty's study reported that due to Chapter 1's reduced emphasis on regulation, they took a more "persuasion-oriented" rather than an "enforcement-oriented" approach to districts. They argued that this "persuasion-oriented" approach to districts was more effective.

CURRENT PRACTICES AND CHANGES -- STATE LEVEL

Although states often did not call their activity "rulemaking," AAI researchers found that all SEAs used rules, whether formal or informal, to carry out their responsibilities. All states used informal rulemaking such as application requirements and verbal directives to districts to interpret federal regulations, assure compliance, and prevent audit exceptions. These rules are described in the summaries of the Chapter 1 administrative policies in this volume. Districts were often said to appreciate this guidance because of local audit concerns. Written guidance, either handbooks or policy memos about requirements, was issued by 14 SEA Chapter 1 offices for this purpose. Virtually all states also used informal rulemaking on local expenditures -- for example, not approving applications that budgeted too high a percentage of their Chapter 1 allocations for administration or equipment.

State self-reports of their informal rulemaking reflected the state culture and SEA role descriptions. Often this type of rulemaking was often not acknowledged. One state issued rules through "technical assistance memoranda." Rules were called "guidance" or "recommendations" if local control was an issue.

That "guidance" often meant a "requirement" was explicit in the following SEA comments on a district application: "State guidelines call for 2 ½ to five hours per week of instruction for each subject matter area. A 40-minute period, 3 times weekly does not meet this requirement." This state said that it used "recommendations" rather than "rules." But the SEA makes it difficult not to follow recommendations by requiring districts to submit paperwork for special approval if they do not follow recommendations. In most states, the line between rulemaking and technical assistance in handbooks and SEA/district communications was not at all clear.

It is difficult to describe rulemaking out of individual state context. Further, it is not useful to evaluate state self-reports of how directive the SEAs are without a more complete study of state-district relationships than was possible given the time constraints of this study. Thus, comparisons across states, become questionable. Particularly problematic in this study was the difficulty of making comparisons about informal rulemaking before and after Chapter 1.

One way to address these issues was to look at state rulemaking about comparability, parent involvement, and evaluation -- three requirements with significant change at the federal level. As described in other sections of this volume, most states substantially reduced their requirements regarding parent involvement and comparability. Few changed evaluation requirements or the requirement to submit documentation on targeting.

Reduced requirements about parent involvement and comparability indicated that states followed Chapter 1 rather than making more restrictive state rules. Or they issued guidance that was somewhat more restrictive than the federal requirements, yet less demanding than Title I. On the other hand, most states continued to require yearly TIERS Model A reporting and rank orderings of schools by poverty on application forms. In these cases, informal rulemaking was widespread.

States were asked about overall changes in rulemaking that related to differences between Title I and Chapter 1. Some states indicated that the vagueness of Chapter 1, the nonbinding status of the Nonregulatory Guidance, and the fact that final regulations on the Technical Amendments of 1983 were not in effect, required them to increase their rulemaking and the number of written rules they issued, mostly to clarify audit requirements for districts. Nine of the 14 states that talked about written guidance, first issued handbooks or began to use policy memos after Chapter 1.

Although considerable informal rulemaking about compliance was found, only eight states were reported to use informal rulemaking to encourage program quality (except to the degree that quality is defined as compliance with regulations). The state Chapter 1 programs seemed to limit most of their directiveness to issues of program compliance.

Formal rulemaking was less common. It was found in eight states, and then, in only very limited areas. Formal rulemaking generally related to fiscal controls. Examples included rules related to carryover funds, circumstances under which budget amendments to applications must be submitted, percent of Chapter 1 allocations that could be used for equipment, and use of funds for school trips. Most often a tradition of local control but also complexity of the formal rulemaking process and concern <u>not</u> to create additional audit requirements for districts were cited as reasons to avoid formal rulemaking.

Most definitions of "rules" include some expectation that the rulemaker (the SEA) would at least threaten some action if the rule were not followed. This expectation of compliance seems clearer for formal than for informal rules. But the AAI researchers found that the line between formal and informal rules was not well defined. In addition, depending on the state culture and the particular issue involved, an SEA Chapter 1 program might be more likely to win compliance by including a requirement on an application form than by fighting for and passing out a signed Board of Education requirement.

All states used the threat of withholding or delaying funds as an enforcement tactic for both formal and informal federal and state rules. This threat was most often implicit in the application process rather than explicit. Monitoring "recommendations" or "findings" were important. They might be submitted in writing by the SEA to higher level local administrators or fed into the next year's application process. Audit exceptions were also a continuing threat in relation to formal state rules and federal requirements.

Most states indicated less concern about rulemaking after the Nonregulatory Guidance and Technical Amendments. For the most part, the SEAs used this federal guidance as a basis for their own guidance to districts. But, as reported in previous research, a few states questioned whether auditors and the Department of Education would consider local practices based on SEA rules to be correct. A number of SEAs felt more comfortable when they could get written confirmation from the Department of Education about the correctness of their interpretations of regulations.

Only three states mentioned lack of specific authority on rulemaking in the Chapter 1 language as a problem before the specific authority was reinstated. Perhaps because withholding funds seemed to function most importantly as an implicit threat rather than an actual enforcement measure, little concern was expressed about lack of federal authorization to withhold funds. One SEA auditor mentioned the need for the state to make a rule to allow him to withhold funds in a district with comparability problems. However, no concern existed about state authority to make the rule.

Only one state said that the need to identify state rules as such created difficulties. However, researchers found that not all state rules were identified in at least seven states. On the other hand, in three states,

handbooks seemed to identify virtually everything (including the Nonregulatory Guidance and Technical Amendments) except the specific language of Chapter 1 as "state policy" or "state guidance."

LOCAL PERCEPTIONS OF STATE PRACTICE

To study intergovernmental relations in Chapter 1, AAI researchers revisited nine of the 20 states described above and three districts in each state. Local perceptions of state rulemaking practices are described below.

Seven of 27 districts believed the guidance they received from the SEA helped them understand how to comply with federal requirements. They did not view state rules or guidance as going beyond federal requirements.

Eighteen of the 27 districts (about two-thirds) indicated that the state Chapter 1 staff dictated procedures for record keeping and other administrative matters to ensure compliance and prevent audit exceptions. For the most part, districts could determine their own educational programs provided they remained within the parameters set by the states.

In five states, at least some local Chapter 1 coordinators stated that the SEA "maintained Title I" or informally required Title I practices. Local coordinators were not uniformly aware of which rules had changed when Chapter 1 took effect.

As noted, it was difficult to distinguish state guidance and technical assistance from rulemaking. In many states, districts interpreted state recommendations as rules, seldom being clear about which were state and which were federal requirements. In one state, for example, where the director said, "We don't make rules," all districts visited followed state "recommendations" and gave researchers the message that "the director's word is law." At the same time, all SEA staff said that they would not enforce compliance with any recommendations that went beyond federal requirements. Most local Chapter 1 coordinators considered it appropriate that the states set parameters and procedures to ensure regulatory compliance. Problems arose, however, when state Chapter 1 directors or staff forced changes in local program designs or stifled attempts to develop new programs, as might occur if they feared compliance violations.

SPECIAL TOPICS

NONPUBLIC SCHOOLS

FEDERAL FRAMEWORK

A consistent intent of Title I/Chapter 1 has been to serve educationally disadvantaged children who live in low-income areas, regardless of whether the children attend public or nonpublic schools. Chapter 1 included reinforcing language on participation of nonpublic school children. Eligible nonpublic school children are to have equal access to and comparable services in Chapter 1 programs (ECIA, Section 557).

Prior to 1986, participating nonpublic school children in Chapter 1 programs typically were offered pullout programs at their own schools by Chapter 1 teachers (public employees).

Two states, Missouri and Virginia, where constitutions prohibited state-funded services to church-related schools, used the federal "bypass" provision to provide Chapter 1 services to nonpublic school students in some districts. Under this provision, the private schools worked directly with the Department of Education (or another private contractor) to complete their applications and determine the funds needed. When their applications were approved, the SEA was notified of the amount of the budget to be allocated for services to private school students. The amount allocated to the district in which the private schools were located was automatically reduced.

In July 1985, the Supreme Court (in Felton) ruled that it was unconstitutional for public school teachers to provide Chapter 1 services in religious schools. This approach had been the common Chapter 1 practice for 20 years. Based on New York City's Chapter 1 program, the court found that public school teachers providing services on religious premises violated the separation of church and state provisions of the First Amendment. New York City was given a year to implement an alternative program. Although some state attorneys general have permitted a year's delay, most states and districts began implementing Felton during the school year 1985-86.

At the end of August 1985, the Department of Education issued guidance to SEAs, instructing them to implement the Felton decision. All costs for increased administrative costs, transportation, or rent were to be considered as part of total district allocations, and could not be allocated to the funds set aside for nonpublic students.

CURRENT PRACTICES AND CHANGES -- STATE LEVEL

Because the Felton decision occurred shortly before the study began, AAI researchers asked about SEA policies toward nonpublic schools, the issues that arose in implementing the Felton decision, its administrative effects on SEAs and districts, and changes in services to nonpublic schools and students.

The AAI sample of 20 states included states with both very small and very large numbers of nonpublic school students. In several states in the AAI sample, nonpublic schools enrolled only 3 or 4 percent of elementary and secondary students. At the high end of the range were states with 11 percent, 12.4 percent, and 16.8 percent nonpublic school students.

Before Felton, all SEAs reporting required districts to inform all eligible nonpublic schools about the availability of services and document their participation decisions. Districts arranged for services if nonpublic schools chose to participate. In a few states, SEAs set minimums for participation, generally five to ten students per nonpublic school, to meet size, scope and quality provisions (which were usually used for public school programs as well).

Three of the 20 states in the AAI sample have state constitutions that prohibit state services to nonpublic school or students. Chapter 1 services to nonpublic school students were already offered on public school grounds, either after school or as summer programs. These states were unaffected or positively affected by Felton because the decision affirmed existing state policy. As a state official commented, "We led the way for what others are now having to face."

Most of the remaining SEAs had discussions with their affected districts about how to comply with the Felton ruling, but few states prepared written guidance before the ED policy was clarified. Some states never sent

written guidance to their districts -- other than copies of the ED memo on compliance.

Verbally or in writing, SEAs informed districts that they were required to recontact nonpublic schools to make arrangements for programs that conformed to the new guidelines. At least two states gave districts deadlines for arranging alternative services by the end of September 1986. One state required that program application amendments be submitted before the state would release FY86 Chapter 1 allocations to its districts.

To meet the new guidelines, most states required districts to immediately shift all programs for nonpublic school students off church-related property to "neutral" sites or public schools. One SEA allowed its districts to maintain the existing Chapter 1 program for nonpublic schools for one year because applications had already been approved, but only 20 percent of the districts took advantage of this option. In a second state the attorney general granted districts a year's grace period. In a third state, the attorney general allowed programs to continue in nonpublic schools if all religious artifacts were removed from the classroom.

SEAs reported that three models for programs off church-related property seemed most prevalent: (1) transporting students to the nearest public school, (2) using mobile vans parked outside of the nonpublic school, or (3) renting non-church-related properties in close proximity to nonpublic schools.

District choices about which model to use were said to be based primarily on the availability and proximity of classroom space or vans, degree of disruption of the various alternatives to the nonpublic children's school day, willingness of nonpublic schools and parents to send their children to public schools, and costs.

Only one state reported significant disruption of its Chapter 1 monitoring and technical assistance program as staff resources were diverted to assisting districts in implementing the Felton decision. Other reports characterized the administrative repercussions for SEAs along a range of difficulty, from "a big hassle" to "a minor irritant."

SEAs reported that, for the districts, the decision disrupted services to nonpublic school children and was time-consuming

administratively. The difficulty was exacerbated by the timing of the decision, which was handed down during the summer after applications had been approved and while school staff were on vacation. Also, difficulties were attributed to the slowness with which ED issued guidance to the states.

As a consequence of the change, some district budgets were squeezed more tightly because all funding to cover the extra costs of transportation, rent, or purchase of vans came off the top of the district allocation.

Fewer nonpublic schools and students were served during 1985-1986 as a result of Felton. The timing of the AAI research was too early for many SEAs to have collected statistics about the amount of change. Most states reported that at least a small number of nonpublic schools had dropped out of the program. States that could give estimates reported that as many as one-fifth to one-third fewer students would be served. Two states reported much higher numbers of nonpublic school students not yet served at the time of AAI data collection, one state said it was serving only about one-sixth of its former number of students. Large districts in these states had not yet implemented planned programs. After implementation, the SEAs expected the numbers of students served to increase, but not to pre-Felton levels.

CURRENT PRACTICES AND CHANGES--LOCAL LEVEL

To study intergovernmental linkages and district policy, AAI researchers revisited nine of the 20 states described above as well as three districts in each state. All 27 districts visited were in states affected by the Felton decision, but it was primarily the large districts that experienced major administrative difficulties and decreased services. Of the 27 districts:

- Eleven had no programs for nonpublic school students affected by Felton, most frequently because the nonpublic schools had previously chosen not to participate.
- Six continued comparable services and reported no loss of schools or students after shifting instruction to neutral sites. Minimal administrative difficulties were reported. Some additional costs were for transportation and rent. These districts served students in only one or two nonpublic schools before the decision.
- Ten served fewer nonpublic students after Felton or had not yet begun to offer services at the time of the AAI

visits. Significant administrative difficulties were reported. Eight of these districts were large and two mid-sized. Participating nonpublic school students served before Felton had been enrolled in two to 30 private schools in these districts.

Of the ten districts that were strongly affected by Felton, seven offered reduced levels of services to nonpublic school students. In one case, a district served students in 25 (83 percent) fewer nonpublic schools and 1,400 (80 percent) fewer students. This district estimated that it had already spent 1,600 person hours responding to the decision.

One of the ten districts continued to serve students in all eight formerly participating nonpublic schools and, in absolute numbers, the same number of students (about 330); but, because the number of eligible students in the district had increased in the past year, the percentage served dropped 10 percent. This district reported diverting 18 percent of its total administrative staff time for four months to shift programs off religious property.

In three districts, no services had yet resumed at the time of the AAI visit in spite of considerable administrative attention to the issue. Districts were continuing to develop alternative sites and programs to meet the new requirements. In the largest district, more than 1,400 students were affected.

Negotiating neutral sites was time-consuming and, in several districts, conflict-ridden. First, the nonpublic school was contacted. Then, in some districts, this school or the local district sent letters to nonpublic school students' parents to ask which alternative to services on nonpublic school grounds they would prefer. Many phone calls and meetings between nonpublic and public school authorities occurred. In Catholic schools, the most frequently served type of nonpublic school, the Archdiocese or Diocese was also involved. Some districts held meetings for parents.

Negotiations did not necessarily strain relationships. In some districts, public and nonpublic schools saw each other as contributing to the resolution of a common dilemma. Several nonpublic school representatives spoke highly about the efforts of local administrators to develop alternative arrangements. In one district, public administrators noted that it was the

nonpublic school parents who drove children to and from an after-school program.

Often, however, conflicts erupted over the problem of finding neutral sites. In a few cases, the climate of relationships between public and nonpublic school authorities deterioriated. Several districts reported that the Archdiocese, nonpublic school, or parents refused to allow students to participate if services were offered in nearby public schools. One Catholic school principal said that the parents "paid to get their kids out of public school and they were not now going to have them go back." Difficulties were exacerbated if no suitable rental space that met health and safety guidelines could be located, or if the cost of purchasing mobile units was prohibitive for the typically small numbers of students involved. A couple of districts also reported lingering disagreements about who was to pay the liability insurance for transporting students to the neutral sites.

When programs were housed in public schools, conflicts sometimes emerged at the school level. For example, one nonpublic school principal was angered when her school's Chapter 1 parents were notified of public school PAC meetings. Any meetings with nonpublic school parents, she maintained, should be in nonpublic schools and oriented to the nonpublic school children's program, regardless of where that program was located. A number of nonpublic school students reportedly withdrew from Chapter 1 in another district because they felt embarrassed wearing their uniforms in the public school.

Occasionally, communication was difficult between public and nonpublic schools at both the instructional and administrative levels. In a joint interview with the public and nonpublic school principals in one district, discrepancies were apparent in their views of how the program was working. It seemed likely that without more contact between them, both administrative and instructional coordination of the Chapter 1 and the nonpublic school program would suffer. In addition, the Chapter 1 aide for these nonpublic school students had formerly seen the classroom teachers almost daily. She now met with them weekly.

A number of district administrators talked about initiating more after-school and summer school programs either to compensate for lost time this year or, on an ongoing basis, to avoid the disruption of the instructional day that results from walking or busing students to and from

neutral sites. AAI researchers visited only one after-school instructional program, and it seemed to have little connection with the regular program. The teacher had already spent a full day teaching and did not (or could not at the end of a long day) tailor instruction to the rather diverse levels of the six students in the class. Although isolated, this visit raised the question whether after-school and summer programs can provide instruction of comparable quality to public school services.

CARRYOVER FUNDS

FEDERAL FRAMEWORK

States are to spend at least 85 percent of the annual Chapter 1 allocation, since they are protected from future Chapter 1 cutbacks by the General Education Provisions Act which prohibits any state's allocation from being cut by more than 15 percent in any year. Up to 15 percent of the current allocation may be carried over for use during the following year. When a local school district has more than a 15 percent carryover, these excess funds are to be reallocated within the state among districts with shifting populations and severe economic conditions.

Little attention had been paid to carryover policies or practices under either Title I or Chapter 1. This topic came to public attention in early 1986 after the Miami News published a series of articles on unspent federal funds. The articles reported that some $474 million of Chapter 1 funds went unspent during the 1983-1984 school year -- the most recent year for which the Department of Education's Financial Management Service had records. About $110 million dollars of these unspent funds would have reached needy children in 25 states if those states had spent at least 85 percent of their annual allocations.

The 25 states reported to have carryover funds in excess of 15 percent are listed in Table 1. Ten of these states had carryover amounts of less than 20 percent while four states showed carryover funds at between 20 and 29 percent of their annual allocations. Carryover amounts of between 30 and 39 percent were identified in seven states three states had carryover funds betwen 40 and 49 percent; and one state showed carryover monies in excess of 50 percent.

In response to the Miami News articles and Congressional interest, the OERI Chapter 1 study team requested an update about state carryover policies and practice, especially on limits set by states with regard to

dollar amounts of carryover and allowable rationales for districts retaining substantial carryover funds.

TABLE 1

States With Carryover Funds
of 15 Percent or More
(1983-84)

STATE	PERCENT
Alabama	19
Alaska	54
Arizona	16
Florida	23
Georgia	16
Hawaii	22
Iowa	22
Louisiana	31
Michigan	18
Minnesota	19
Missouri	40
Montana	30
Nebraska	40
New Hampshire	30
New York	37
Oklahoma	17
Oregon	16
Texas	19
Utah	20
Virginia	31
Washington	33
West Virginia	17
Wisconsin	45
Wyoming	17
Puerto Rico	35

Source: U.S. Department of Education. Taken from The Miami News, December 21, 1985.

CURRENT PRACTICES/CHANGES -- STATE-LEVEL

Because first-round site visits had been completed prior to AAI receiving the study team's request to obtain information on carryover policies and practices, data were obtained on only the nine intensive states in the AAI sample. The data collected from the nine states reflect the fact that

carryover had not previously been considered a "serious" issue. States often did not have well-thought-out or clearly articulated policies, and the policies and practices reported by states did not lend themselves to categorization.

Four states reported district-level carryover limits of 10 percent. However, only two of these SEAs said that 10 percent was a requirement; the other two said that this figure was a "guideline" for districts to use. One of the four states allowed 10 percent or $1,000, whichever was greater.

One state allowed districts to carry over up to 12 percent; another state had just set 12.5 percent as the mandated limit (down from 15 percent). One state had 15 percent as a "rule of thumb;" yet another state allowed districts to carry over as much as 30 percent. Finally, one SEA reported that it reviewed carryover funding on a district-by-district basis and that allowable amounts ranged from 12 to 15 percent.

Of the five states reporting allowable rationales for permitting districts to carry over funds, two gave anticipated teacher salary increases as appropriate justification. A third SEA accepted carryover as a "cushion to keep teachers hired," while a fourth required districts to "spend" their carryover monies in their next year's budgets. The fifth state in this group allowed districts to carry over funds to cover "uncontrollable expenses"; however, saving money for next year was not an allowable rationale.

It appears that most of the states did not have clear policies or procedures on reallocation. Three SEAs would allow their local districts to expand or modify their current programs to expend excess monies. One newly hired state director was unsure about required procedures but reported that the SEA would reallocate funds if necessary. Another state director felt that Chapter 1 state directors had no authority to take funds away from districts.

Most SEAs had not set policies about state-level carryover funds. One state said there was no set limit; another had set 10 percent; and a third used 6 percent (or less) as a guideline to retain funds for "unanticipated" expenses. The fourth state responding to this question noted that a state-level carryover limit was "irrelevant" because of "erosion of the set-aside and inflation."

METHODOLOGICAL NOTES

SAMPLE SELECTION

INTRODUCTION

The request for proposals stipulated that 20 state education agencies were to be visited to collect information on their administrative practices and changes since Chapter 1 was passed. Of those states, nine were to be revisited to gain more in-depth information, including information on what factors affect their operations. Three districts in each of the nine states also were be studied (and three schools in each district), both to gain information on local administrative practices and to examine intergovernmental relations in the nine states.

This purposive nested sample design for states, districts and schools was to allow for:

- disaggregating findings based upon specific features of state and local context (e.g., states with compensatory education programs vs states without such programs, metropolitan vs other school districts), and
- making comparisons across SEAs and districts with varying characteristics (e.g., metropolitan districts in states with one role orientation compared to metropolitan districts in states with a different role orientation).

This document discusses the criteria used in selecting states and school districts and then briefly assesses the implementation of the design.

SELECTION OF STATES

Both the 20 state and the nine state sample were chosen according to three primary variables: (1) geographic region based on the ten census regions, (2) total enrollment in public elementary and secondary schools (for 1983-84), and (3) percent of children aged 5-17 in poverty. The first variable was important to ensure the study had national scope, while the other two were to ensure a range in overall size and in Chapter 1 allocations.

At the same time we sought proportional representation across the three primary variables, we also wanted to ensure the sample allowed us to disaggregate findings based upon particular features of state and local context. Consequently, both the 20 state and nine state samples had to

exhibit features that were known or posited to influence administrative policy and practice. A number of secondary variables were examined: (1) shifts in total Chapter 1 allocation from Title I to Chapter 1; (2) state compensatory education programs; (3) state school improvement efforts; (4) estimated assertiveness of the state's Chapter 1 program toward school districts; (5) estimated role orientation of states toward school districts; (6) largest urban centers (i.e., some representation of the nation's largest school districts), and (7) number of districts in the state (so that selected states have a range in the number of districts).

Fortuitously, Decision Resources, Inc., the technical support contractor to the overall compensatory education study effort, had already compiled state profile information, including a summary of compensatory eduction programs (see Michie and Moore, 1985; Funkhouser and Moore, 1985; and Lorber, 1985). They cautioned using data on assertiveness and role orientation of states, so we then supplemented their data with information from earlier studies of state education agencies (Education Commission of the States, 1985; Elazar, 1975; Goettel et al, 1977; McLaughlin et al, 1985; Murphy, 1974; and Reisner and Turnbull, 1985). The validity of these data are discussed in the last section of this document.

Because of severe time constraints on the study, both the proposed 20 and nine state samples were submitted for approval at the same time, less than one month after contract award.

SELECTION OF DISTRICTS

Districts were selected on the basis of public school enrollments, percent of low income children, and geographic spread within the state. Efforts were made to select the largest district in the state, since relations between the state agency and the largest district are often unique. In six of the nine states, the largest district was chosen; while in the other three states, a clearly metropolitan district, close to the largest district in size, was selected. Our study results seem unaffected by this substitution. The substitution was necessary since all five qualitative case studies in the overall Chapter 1 national assessment needed metropolitan districts in their samples, but sought to minimize the respondent burden on these districts. In the one district selected by two contractors, field work was conducted

jointly. District size was a critical analytic variable affecting local Chapter 1 administration.

Districts were selected in different quartile rankings on poverty within their own state, so that we could study Chapter 1 in districts where Chapter 1 was either relatively large vis-a-vis other offerings or quite small. We were not able to conduct such an analysis because the variable did not operate independently of district size. District size was such an important variable that one needed to stratify first by size; but then there were too few districts to look at percent of poverty within each size category.

Districts were also selected on the basis of regional spread within the state, to prevent clustering of districts in one general area. As a general rule, the smallest and largest districts were to be within half a day drive of each other to cut down on travel time. Likewise, the medium sized district was to be within half a day drive of the capitol (if the capitol was not in the study) for the same reason. This method appeared to work rather well, except for the one rural state in the sample. The smallest district visited appeared not to resemble the small more isolated districts that typify the state.

The district sample was submitted once the nine state sample had been approved and before field work had begun in the 20 states.

PRELIMINARY ASSESSMENT

The 20 state sample worked well in capturing the range of diversity in state administrative practives, but served only a descriptive rather than an analytic purpose. Analysis of factors influencing state administration is limited to the nine state sample where school districts were visited. School district visits were essential to characterize accurately state's working relationships with school districts and the role orientation of states, both key factors in state administrative practice.

For future studies of state administrative policies (e.g., comparability, targeting, parent involvement), we would recommend substituting structured instruments (e.g., through telephone interviews) to obtain descriptive information. Although valuable information was obtained from the

20 states, much of the detailed policy information could have been obtained more efficiently through structured instruments than through qualitative case studies. By contrast, qualitative methods were most appropriate to understand administrative practices (e.g., monitoring, technical assistance, auditing). Understanding the nuances of practices were enriched by on-site visits, but only when coupled with school district visits to obtain district reports on state practices.

The nine state sample, with three districts in each state, worked fairly well as a sampling scheme. The sample would have been substantially stronger had we been able to select the nine states after the first round of site visits. We would then have had our own judgements and state perceptions of the role orientation and assertiveness of states vis-a-vis districts. We would also have identified interesting topics to pursue locally that were unknown to us prior to site visits. In future studies, some oversampling of states may be a useful strategy, with return visits then made to a smaller number, say eight or nine states.

To explore intergovernmental relations, the sample would have been stronger had we been able to visit four or five districts per state, rather than three, especially if those districts were of medium or relatively large size. Our analysis of three districts is exploratory or illustrative at best and not generalizeable to other districts in the states visited.

Selecting districts before visits to the state agency and without state agency input seemed an adequate selection strategy, with the exception of the rural state where the smallest district chosen did not seem to characterize the small,isolated districts typically found in that state.

Both state directors and district coordinators cooperated fully with our pre-selected sample. Allowing state directors some discretion in the process might, however, have been useful for our including a few districts with unusual features.

In retrospect, the tension between needing broad based descriptive information and indepth analytic information that characterized our scope of work was perhaps not best served by 20 state and nine state samples. While we are confident in the validity and reliability of the data we collected, it may have been a more efficient strategy to have used structured instruments,

perhaps through telephone surveys, rather than on-site visits for the descriptive information needed on administrative policies; and to have included additional school districts in the nine state sample.

DATA COLLECTION AND ANALYSIS

FIELD DATA COLLECTION

Data for the study of Chapter 1 administration were collected during three rounds of field visits conducted by nine teams of researchers. The first round of field research began in October 1985 and consisted of visits to 20 state education agencies; the two-person teams spent about ten person-days in each SEA. The second round of field research began in December 1985. In this round, each of the nine SEAs selected for intensive study was revisited; nine medium-sized districts (one per state) also were visited. The third round of field research began in February 1986 and included visits to one large and one small district in each state, plus a return visit to the SEA. Altogether, approximately 33 person-days were devoted to field research in each intensive-study state, including about 13 person-days at the SEA level and 20 at the district level.

This sequential, iterative research design provided opportunities for exploring lines of inquiry that emerged in earlier visits, checking the perceptions of one respondent level with the intentions of another, and testing hypotheses. Return visits also presented occasions for interviewing previously absent or overlooked staff and reexamining documents.

The analysis plan for this study required a focused data collection effort. Structure was provided by the translation of the study's conceptual framework into key study issues and research questions. These were reviewed during a two-day meeting of all field researchers prior to the first round of data collection. In addition, the field researchers were given a set of briefing papers on Chapter 1 administrative practices and policies, which they were expected to study prior to conducting the field work.

The data collection effort was also guided by several data reporting devices. These included detailed topical outlines for case study reports on SEAs and districts, as well as standardized data display matrices. The case study outlines were sufficiently detailed to serve as a guide to data collection as well as to ensure that data would be reported in a fashion that would facilitate cross-case analysis. The data display matrices, which also

served as guides to collecting and reporting data in standard formats, were designed to array the data in ways that would facilitate analysis focused on the study issues. One display, for example, focused on the character and magnitude of change in specific administrative policy and practice areas.

There was no standard interview guide. Rather, field staff were expected to conduct multiple, informal interviews and review a variety of Chapter 1 documents in order to gather information which, taken together, would allow them to complete their data reporting responsibilities. Respondents during visits to SEAs included:

1. The state Chapter 1 director;
2. The state director's supervisor and, in some cases, the associate commissioner with line responsibility for federal programs;
3. Staff with Chapter 1 administrative responsibilities (e.g., monitoring, technical assistance, evaluation, program review, and auditing);
4. Staff with administrative responsibility for state-funded compensatory education programs in states where such programs exist;
5. The director of the state school improvement program in states where such programs exist; and
6. Others inside, or well acquainted with, the state department to provide additional information on state contextual variables.

In school districts and schools, the respondents included:

1. The local superintendent and/or deputy superintendents for federal programs, state compensatory education, and instruction;
2. The local Chapter 1 coordinator;
3. Other staff at the district level involved with Chapter 1 in some capacity;
4. Principals in three Chapter 1 schools;
5. Representative Chapter 1 teachers and aides in these schools;

6. Referring teachers and/or teachers with Chapter 1 aides in their classrooms;

7. Members of parent advisory councils, or parents involved in Chapter 1 where no councils exist; and

8. Others inside, or well acquainted with, the school district to provide additional information on local contextual variables.

Documents were another important source of information. In each state we requested:

1. The program application form used for Title I and the form currently in use;

2. Completed program application forms for the three districts selected for study;

3. Policy memoranda or policy guidance from the state Chapter 1 office to districts during the Chapter 1 period;

4. The Title I Management and Enforcement Plan submitted to ED;

5. The current Chapter 1 monitoring plan and schedule;

6. Chapter 1 fiscal documents, showing how administrative funds are budgeted;

7. State Chapter 1 evaluation reports and evaluation reports for the three districts selected for study;

8. Chapter 1 staff roster and organization chart;

9. SEA and district organization charts;

10. Written information on the state compensatory education program, school improvement program, or other intersecting programs;

11. Any research on the SEA (e.g., dissertations) that may include information or analyses relevant to the study; and

12. State demographic data (e.g., a one-page information sheet).

The first of two analytic meetings (see "Analysis" below) was held between the second and third rounds of data collection. This permitted

revision of the field instruments to reflect the researchers' field experience and new hypotheses generated at the meeting.

The researchers were asked to submit their case study reports and completed data display matrices immediately following each visit. The case study reports on SEAs were initially more descriptive than analytic, the balance shifting in intensive-study states as the research progressed and the reports were revised and elaborated. The researchers were also asked to prepare two analytic memos on each state. These are described further in the next section.

ANALYSIS

The data analysis approach for the study closely followed the qualitative data analysis methods recently reported by Miles and Huberman (1984). Theirs is a structured analysis model that is particularly useful for dealing with multi-site qualitative data collected by a number of field researchers, for analysis and reporting in a relatively brief span of time. In some respects, the Miles-Huberman approach is not dramatically different from other analytic methods currently used by qualitative researchers: it encourages the coding or reduction of data so that relational analysis can be conducted; it emphasizes well-defined study variables to ensure the comparability of cross-site data; and it suggests the development of case studies according to a standardized format for use primarily, but not exclusively, to inform the cross-site analysis. Their approach incorporates many of the lessons of recent literature on case studies and the analysis of qualitative data for reporting to policy audiences (Greene and David, 1984; Yin, 1984; Stearns et al., 1980).

Miles and Huberman go one step further than most alternative approaches in that they place major responsibility for data analysis on the entire field research staff. The field staff is not dismissed once the field effort is completed, only to comment later on final products. Rather, the entire staff is actively involved in data analysis from study start-up to finish.

In this study, field researchers were asked to review the field instruments prior to the first study team meeting, and come prepared with comments. Several members of the field staff participated in orienting their

fellow researchers to aspects of Title I/Chapter 1 history and research perspectives relevant to the study. Field staff were expected to think analytically while in the field collecting data. They were asked to keep an analytic diary, jotting down their evolving speculations or hypotheses; noting needs for additional information; and changing, adding to, or subtracting from their hypotheses as the field research progressed.

Immediately following each round of data collection, field staff submitted their case study reports and data display matrices. These (as noted above) were designed to stimulate analytic thinking regarding the study issues.

The next stage in analysis occurred at the two analytic meetings attended by members of all nine field teams. The first was held between the second and third rounds of data collection, and the second after all field work had been completed. The meetings served several purposes: (1) to share and discuss findings on each of the research issues in each site; (2) to generate and discuss cross-case analyses; and (3) to review modifications in field instruments and protocols before the second and third rounds of data collection. Matrices of state-level attributes and propositions were completed during the meetings. Each matrix was concerned with attributes or propositions relating to a single study issue. Where findings differed among SEAs and districts, exceptions were noted and clusters or families of similar SEAs or districts were developed where appropriate.

Following each analytic meeting, staff were asked to complete analytic memos for their states focused on one of the major study isuses. The first analytic memo covered factors influencing state Chapter 1 administration; the second described cumulative effects of state administrative efforts on program quality and compliance, trends perceived in the state's administration of the program, and speculation about what effects those trends might have on local programs. Final versions of the standardized case study reports on the 20 states and 27 school districts were also submitted after the second analytic meeting.

These analyses served as the initial basis for final report writing. Once the working draft of the final report was written, it was then shared with the senior members of the research teams, who reviewed the draft and suggested possible revisions before its submission to NIE.

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